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NEWS SUMMARY

GENERAL

Six killed in Jewish quarter of Paris

A group called Direct Action, which police believe has Middle East connections, claimed responsibility for the shooting at a Paris restaurant which killed three men and three women and wounded 12.

Two men entered the Jo Goldenberg restaurant near the Place de la Bastille, posing as lunchtime customers, threw a grenade and sprayed diners and staff with pistol bullets. They then walked along the street picking off people trying to hide in doorways or behind parked cars and drove off as police arrived. Page 2

Lebanon attacks

Israel launched further fierce air and artillery strikes against Palestinian positions in West Beirut and central Lebanon. Diplomatic efforts continued to be hampered by the question of where the Palestinian fighters would go if they left the Lebanese capital.

Ulster violence

Hundreds of petrol bombs were thrown at police, cars set on fire and buildings destroyed as Republicans in Northern Ireland marked the eleventh anniversary of the introduction of internment without trial phased out in 1975. Help for *bombing victims* Page 5, RUC men expelled Page 5

Corsican result

Corsican nationalists took 13 per cent of the vote in elections for France's first home-rule assembly for the island, giving them eight of the 61 seats and the balance of power. Page 2

Fast broken

Soviet hunger striker Yuri Balovlenkov broke his 36-day fast after his American wife lied to him, saying the authorities had promised he could emigrate if he resumed eating.

£2 a slave

Five pesos (£2) is the going rate for Haitians captured and sold to the sugar mills in neighbouring Dominican Republic, a United Nations group on slavery heard in Geneva.

Cannibalism case

A 38-year-old Pole accused of murder and cannibalism of a 23-year-old woman has committed suicide, says the Polish news agency Pap. His wife, suspected of complicity, is being detained.

Bishop wounded

The head of the Anglican Church in Uganda, Archbishop Silvanus Wani, was shot and wounded in the thigh by robbers who took his car in the centre of Kampala.

Lost in space

A United Nations conference intended as a demonstration of technological wizardry in outer space hit trouble at its opening when live messages beamed by satellite from the presidents of Sri Lanka and Brazil went astray on their way to Vienna.

Channel junior

Jason Pipoly, an 11-year-old Denver boy, will attempt to swim the English Channel some time between August 12 and August 18, *hoping to become* the youngest person ever to do so.

The wild West

A police helicopter was helping search for an animal resembling a puma seen by farmer Roy Bragg on his land at Ide, near Exeter. There have been similar reports in the area.

Briefly . . .

Four-star petrol price will be 172-3p from today. Page 6

Sir Thomas Waterlow, a prominent Scottish businessman, died at 61.

BUSINESS

Equities fall 8.4; gilts off 0.27

● EQUITY dealers lowered prices of leading shares in a largely successful attempt to deter nervous selling. The market was concerned about the economic outlook at home and in the U.S. and the FT 30-Share index closed 8.4 down at 540.4. Page 23

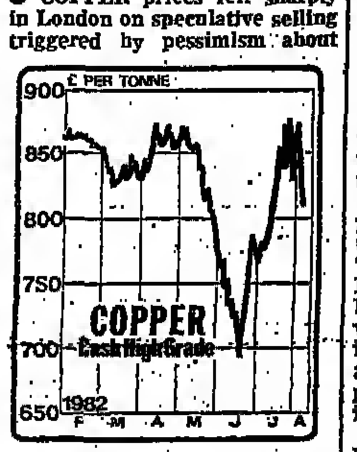
● GILTS gave more ground with some dates losing as much as ½ point. Government Securities index was 0.27 off at 72.39. Page 24

● DOLLAR closed up at DM 2.518 (DM 2.5), SwFr 2.1475 (SwFr 2.13) and Y262.1 (Y260.4). Trade weighted index was 122.7 (121.8). Page 24

● STERLING fell 1.25c to $1.7, but firmed to DM 4.285 (DM 4.28) and SwFr 3.655 (SwFr 3.65). Trade weighted index was 90.7 (91.1). Page 24

● GOLD fell $10 to $336.5 in London. In New York, the Comex August close was $335.5 ($344.5). Page 21

● COPPER prices fell sharply in London on speculative selling triggered by pessimism about the U.S. economy. Higher-grade cash copper was down £36 at £809.5. Page 21



● WALL STREET was 4.96 down at 779.39 near the close. Page 22

● JAPAN'S balance of payments surplus could grow sevenfold by the end of next year. Back Page

● HUNGARY has increased fares and food prices sharply. Page 2

● U.S. GOVERNMENT has reassured the EEC it does not consider the recent steel pact to be dead, said the EEC Industry Commissioner. Back Page

● BANK OF CHINA, China's international bank is to pay HK$1bn (£98.5m) for a new local headquarters site in central Hong Kong. Back Page

● ITALY has imposed new controls on foreign-based subsidiaries of Italian companies. Page 2

● ICI is investing £32m in its U.S. plastic film business. Page 6

● CITIES SERVICE, U.S. oil company, sued Gulf Oil for £1.8bn damages after Gulf dropped its £2.9bn takeover bid. Back Page

● DE LOREAN Belfast factory rescue consortium plans to make a new product alongside the sports cars. Page 5

● ABBEY NATIONAL'S seven-day account has attracted about £100m since its August 1 launch. Page 6

● COMALCO, Australian aluminium producer, reported first-half net profits slashed from A$13.52m (£7.69m) to A$4.28m. Page 19

● CARRINGTON VIYELLA, textile manufacturer, cut first-half pre-tax loss from £3.02m to £2.63m. Page 14; Lex, Back Page

● TRANSPORT Development Group lifted pre-tax profit from £7.16m to £8.01m in the first half. Page 14

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Fisons	358	− 7
Dwek Group	9	+ 2½	Grand Met.	237	− 6
Kennedy Smale	175	+ 12	Horizon Travel	181	− 7
Mchster. Ship Canal	72	+ 10	Hutchison Whampoa	180	− 18
Upton (E.) A	31	+ 6	ICI	280	− 8
FALLS			Imperial Group	91	− 5
Treasury 12% 1986	£99⅞	− ½	Jardine Matheson	150	− 12
Exch. 12½% 1994	£95¼	− ½	Jardine Securities	112	− 18
BICC	290	− 5	ML Holdings	285	− 10
BOC	160	− 6	Notts. Manfctrng.	172	− 6
Beecham	280	− 6	P & O Defd.	144	− 7
Blue Circle	435	− 10	Tarmac	318	− 10
Cable & Wireless	282	− 8	Thorn EMI	408	− 9
Cater Allen	330	− 10	Union Discount	465	− 7
China Light	119	− 18	Anglo Amer. Gold	£32½	− ⅞
Ferranti	887	− 11	G.F. of Sth. Africa	£31½	− ⅞

AEG Telefunken 'unable to pay debts'

BY KEVIN DONE AND STEWART FLEMING IN FRANKFURT

AEG-TELEFUNKEN, the second-biggest West German electrical group with sales of DM 15bn (£3.5bn) annually, was forced yesterday to apply to the courts for a settlement with its creditors, which include banks holding at least DM 5bn of debts.

The group, again facing heavy losses this year, said yesterday it was no longer able to meet its financial obligations.

Among the first sectors to be hit will be many of West Germany's banks, which are facing the prospect of loan write-offs probably in excess of DM 2bn in a year which has already seen corporate bankruptcies surge by 40 per cent.

Under West German law AEG is now seeking to avoid bankruptcy by persuading creditors to write off at least 60 per cent of their claims.

Share prices plunged in Frankfurt yesterday following the decision to suspend trading in AEG stock and the D-Mark slumped further against the U.S. dollar to around DM 2.53 in anticipation of the company's move.

● Early 1970s: AEG-Telefunken in financial trouble after nuclear power contract losses. Last dividend paid for 1973 business year. Management reshuffled.
● September 1978: Siemens takes on nuclear losses, buys AEG stake in Kraftwerk-Union. Nuclear losses cumulatively reach about DM 1.2bn.
● December 1979: West German banks in DM 1bn rescue, after Government refuses aid. AEG capital written down from DM 930m to DM 310m. Top management replaced.
● Spring 1981: AEG searches for joint venture partners. Video deal signed with JVC, Thorn-EMI and Thomson-Brandt.
● September 1981: Link with Bosch in telecommunications.
● October 1981: AEG seeks fresh bank support, writes off DM 240m loans.
● December 1981: Disposals bring in DM 700m cash.
● May 1982: GEC said to be interested in taking stake, after several months in which AEG openly seeking new equity.
● June 1982: AEG management produces plan for new structure, dependent on banks', union and government support.
● July 1982: Plan stalled despite government emergency aid. Grundig willing to buy consumer electronics division. United Technologies seen as more likely investor than GEC.

The repercussions of the massive re-structuring of AEG's financial and commercial obligations that must now take place are unpredictable.

"Much will depend on the next two to three days and how the public reacts," Herr Hein Durr, the company's chief executive, said yesterday, after informing Herr Helmut Schmidt, the Federal Chancellor, about the latest stage in AEG's protracted struggle for survival.

Herr Dürr hopes to keep a core operation in capital goods, which in its reorganised form could have sales of DM8bn worldwide and a workforce of around 60,000.

In its heavily loss-making consumer goods operations AEG appears to have accepted that the household appliances sector cannot be saved without outside help and it is seeking a partner to take over a majority interest.

It will continue to pursue negotiations with Grundig over the rescue of its Telefunken consumer electronics business.

Its vital telecommunications interests, already partially hived off, are now expected to pass into the effective control of AEG's competitors Bosch and Mannesmann.

Crucial to the success of AEG's new course will be clear commitments from its bankers to pump in new loans to finance its operations through the next 18 months.

Trade creditors, customers and suppliers, at home and abroad, must be persuaded that a divided banking consortium will provide the further support AEG desperately needs.

Herr Dürr said the company would open talks later this week with its foreign bankers with a view to drawing them into the rescue process, but he declined to disclose how much the overseas banks are owed.

The unpredictable reaction of AEG's foreign creditors could further complicate the rescue procedure in the West German courts.

The move to file for a settlement with creditors followed AEG's discussions at the weekend with the Federal finance and economics ministers. Bonn made clear that it still stands by its decision to offer a DM 600m loan guarantee for export orders.

Bonn has steadfastly turned down a direct state holding in

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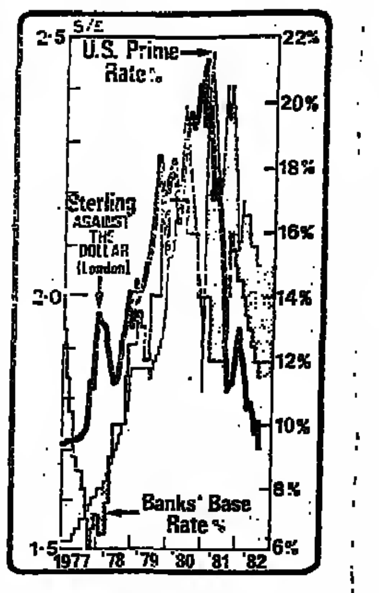

Dow Jones drops 10 points

By Paul Taylor in New York and Max Wilkinson in London

THE WORLD'S financial markets shivered yesterday as renewed squalls of pessimism blew across the Atlantic with a sharp rise in dollar interest rates and a continued fall in U.S. share prices.

The Dow Jones industrial average share index lost another 10 points by lunchtime, after Friday's steep plunge, to reach 774.54, its lowest level since April 1980. The index has fallen almost 50 points in less than a week, because of investors' continuing worries about the U.S. economy and the trend of interest rates.

In London, Eurodollar interest rates rose sharply. The three-month rate was up 1/16 point from Friday, at 13 per cent. In the currency markets the dollar touched record levels against the Italian lira and the French franc. It drove sterling below $1.70 at one stage in London, for the first time since December 1976.

Sterling recovered a little in the afternoon but closed in London 1½ cents below Friday's London close, at $1.7000.

The renewed anxieties about the trend of U.S. interest rates frustrated for the time being the Bank of England's cautious efforts to engineer another half-point cut in the clearing bank's base lending rates.

London money-market rates responded to the strength of the dollar. The three-month interbank rate was up 1/8 point, at 11⅞ per cent. The Bank left its dealing rates unchanged after its series of small cuts earlier last week.

The London equity market responded to the generally chillier mood with an 8.4 point fall in the FT 30 share index, to a close of 540.4. There was also some selling of gilt edged

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Banks cut mortgage rates, Page 6
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Renegotiation likely on part of Mexico's private debts

BY ALAN FRIEDMAN

BANKERS INVOLVED in lending to Mexico were yesterday bracing themselves for the renegotiation of a significant part of the private sector Mexican debt which falls due in the next 12 months.

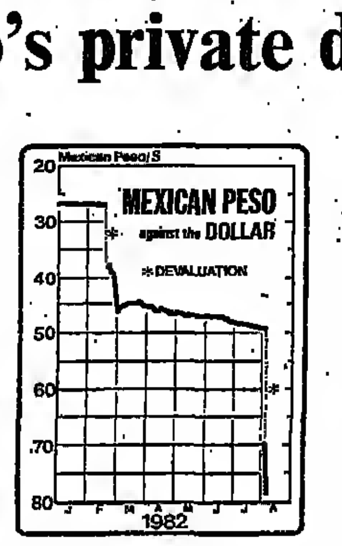
As much as half of the country's $18bn to $20bn of private sector debt is expected to fall due in this period. Bankers said yesterday that a sizable portion of this maturing debt may have to be renegotiated, following last week's introduction of a two-tier foreign exchange system.

The problem facing the private sector companies is that under the new system a "preferential" U.S. dollar-Mexican peso rate, subsidised by the Mexican Government, will be available only for the importation of essential goods and for the repayment by private sector debtors of interest.

The repayment of principal by private companies will have to be made at the new freely floating rate, which yesterday stood at between 77 and 80 pesos to one U.S. dollar, a depreciation of more than 35 per cent since Thursday.

The Mexican government will make use of the preferential rate for its own public sector debt servicing — total public sector foreign currency debt stands at around $60bn.

Sr Angel Gurria, the finance ministry official responsible for Mexico's external public debt, confirmed last night that the Mexican directive on the new two-tier system referred only to interest repayments by the private sector and not to principal.



"Some companies will find themselves in a tighter situation than they were before," said Sr Gurria. But he said the government had received signs from banks that they were prepared to be "flexible."

"Bankers should be relieved that the decision to introduce a two-tier system was taken, relieved that there is a rationalisation of the exchange rate and relieved we have built a buffer against the outflow of dollars from Mexico," he added.

The two-tier system, unprecedented in *Mexico*, was introduced last week because of currency speculation which involved a massive outflow of dollars. Mexico's public and private sector foreign debt totals $80bn. The Mexican financial crisis has been compounded by what Sr Jesus Silva Herzog, the Finance Minister, last week called "*limitations of foreign* credit available to Mexico." This had put "unsustainable" pressure on the peso.

In Mexico City, New York and London yesterday, international bankers said that several Mexican companies would not be able to service their debt as a result of the new floating exchange rate for principal repayments. "This will force several companies to reschedule their debt," explained one banker.

Bankers are also of the opinion that Mexico may have to approach the International Monetary Fund in the next few months, if only to restore confidence to its lenders with an IMF seal of approval for its austerity measures.

Sr Gurria refused to comment on whether Mexico would go to the IMF. He said the introduction of the two-tier exchange rate should "underpin the measures we have taken."

"What we need is the time necessary for these measures to bite," he said.

Quoting a speech over the weekend by Sr Lopez Portillo, the outgoing president, Sr Gurria said that three "scenarios" had been outlined: to do *nothing*, to devalue the peso or to introduce the two-tier system. President Lopez Portillo said that if Mexico had done nothing and continued to finance the purchase of dollars for the repayment of foreign debt, it would have been heading for a default.

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Health service strike patchy, says DHSS

BY DAVID GOODHART, LABOUR STAFF

THE FIRST of five days of planned intensive industrial action in the National Health Service yesterday produced only a patchy response from health workers, according to the Department of Health and Social Security.

The main health unions, the National Union of Public Employees and the Confederation of Health Service Employees and the Confederation of Health Service Employees said that with the the majority of hospitals were reduced to accident and emergency cover.

The print union Sogat however last night called off plans for industrial action tomorrow in support of health workers which had been expected to halt national newspapers, after request from Cohse General Secretary Mr Albert Spanswick, Mr John Mitchell, secretary of Sogat's London machine branch, said.

Earlier the Newspaper Publishers' Association had obtained an injunction to halt the action at a private hearing before Mr Justice Leonard. Lord Marsh, the chairman of the NPA, said he assumed the law would be observed.

The NPA said the threatened sympathy action would be illegal as, following the 1980 Employment Act, it was no longer covered by immunity.

The NPA had sued three officials of Sogat '82, Mr Bill Keys, Mr John Mitchell and Mr Owen O'Brien, five officials of the NGA, including Mr Joe Wade, the general secretary, and Mr Sean Geraghty of the EPTU.

The 1,000-strong London Press branch of the Electrical, Electronic, Telecommunications and Plumbing Union voted to back a 24-hour stoppage. Union officials were meeting last night to decide their next moves in view both of the injunction and the Sogat announcement.

Last night Cohse said that, while the union would have welcomed the support of print workers, although stopping the presses might have proved counter-productive in terms of popular support.

Mr Spanswick later hinted in a statement at a possible compromise: "It is the Government's refusal to negotiate on the details of our claim that is protracting the dispute."

Health union spokesmen said yesterday all hospitals in the Yorkshire, Northern and North Western regions, 80 per cent of 150 of the major London area hospitals were reduced to emergency cover.

The unions say the 10.3 per cent pay rise for the police and the Government's "*misleading*" newspaper advertisements on health workers' pay had inflamed feelings.

Union estimates of the effect of the action were disputed by many regional health authorities.

Rise in prices to industry slows

BY MAX WILKINSON

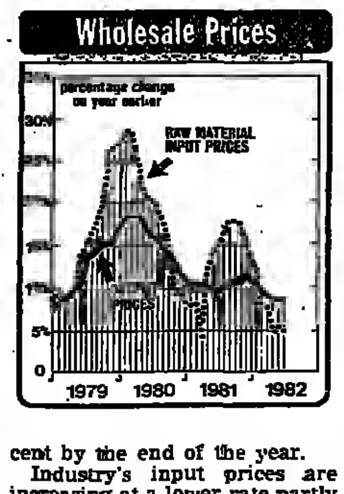
THE ANNUAL rate of increase of prices paid by industry for its supplies fell to 5 per cent last month, according to official figures issued yesterday.

The index for the wholesale price of materials and fuel bought by manufacturing industry rose by only ½ per cent between June and July to 244.7 (1975=100).

This increase was due mainly to the higher sterling price of crude oil which resulted from a fall in the average value of the pound against the dollar during the month.

However, the annual rate of increase in the index in the 12 months to July was ¾ percentage point lower than in the 12 months to June, at 5 per cent.

This low rate of increase of industry's input prices suggests that the annual rate of consumer price inflation will continue to fall. The retail price index in June was 9.2 per cent up on a year before and the Government is now predicting the rate will be down to 7½ per cent by the end of the year.



Industry's input prices are increasing at a lower rate partly because of the continued weakness of international commodity prices. Figures from the International Monetary Fund show that the average wholesale price in dollars of commodities, excluding oil, fell in June. It dropped to about 7 per cent below the average for the first three months of the year and 13 per cent below the average for last year.

Yesterday's figures from the Department of Industry showed that the annual rate of increase *of UK manufacturing industry's* wholesale selling prices increased by ¼ point between June and July to 8½ per cent. Nearly half this increase was because of the effect of price increases for petroleum products recorded in June.

The wholesale price index for manufactured products rose ¾ point from June to July to 241.1 (1975=100). The index rose by 3½ per cent in the six months to July.

£ in New York

—	Aug. 6	Previous
Spot	$ 1.7045-7065	$ 1.7160-7175
1 month	0.03-0.06 pm	0.03-0.06 pm
3 months	0.58-0.62 pm	0.54-0.67 pm
12 months	3.85-3.95 pm	3.90-4.05 pm

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For latest Share Index phone 01-246 8026

EUROPEAN NEWS

Italy tightens rules for foreign bank holding companies

BY RUPERT CORNWELL IN ROME

IN THE wake of the disastrous Ambrosiano affair, the Italian Foreign Trade Ministry yesterday announced a tougher set of rules governing the establishment and operation of foreign-based financial holding companies controlled by Italian concerns.

In essence, the decree will make it more difficult for such companies to be authorised by the Rome authorities, and compel much greater disclosure of information. Companies involved will have 90 days to comply with the regulations.

Quite deliberately, the Government has chosen to make its move while memories are fresh of the debacle of Banco Ambrosiano Holding of Luxembourg, the key cog in the foreign operations which led to the liquidation of the Milan parent bank last Friday.

Its move brings to an end a 10-year period in which Italian companies have been virtually free to set up such holding companies in countries like Switzerland, The Netherlands and, above all, Luxembourg.

In its announcement, the ministry accepts that such foreign holding companies have an important role to play, given the steadily increasing "internationalisation" of the Italian economy, and the need to procure abroad funds blocked by domestic credit restrictions.

But recent cases, observed the Ministry in a clear reference to Banco Ambrosiano, had proved that the device could be used to get round existing currency regulations, with consequences "against the national interest."

Italian companies with such foreign operations will now have to present to the Rome authorities detailed annual balance sheets, certified by qualified accountants, of foreign holding companies. This rule will also apply to subsidiaries set up by the holding companies.

The Foreign Trade Ministry will also have to be informed of how profits are used, and of any changes in the shareholding structure, where these involve Italian residents. The rules will also apply to so-called "mixed" purpose holdings, involved in manufacturing or commercial activities, where the Italian interest is greater than 50 per cent.

At the same time, any Italian individual or company will have to notify to the foreign exchange office (UIC) any interest in a foreign holding company greater than 10 per cent, thus enabling a computerised register of such operations to be introduced.

Pertini begins talks on new government

ROME — Sig Sandro Pertini, the Italian President, began talks with political leaders yesterday on the formation of a new government to succeed Sig Giovanni Spadolini's five-party coalition which fell last week.

Sandro Pertini

The 85-year-old head of state, forced to return to Rome from a holiday retreat in the Alpine foothills, is anxious to avoid plunging the country into elections which could bring economic chaos.

Officials say the crucial first round of contacts would establish whether there was any chance of reviving Spadolini's centre-left coalition, which ruled for 13 months until Saturday as Italy's 41st post-war government.

Alternatively, he might look to the dominant Christian Democratic Party and ask Sig Arnaldo Forlani, a former Premier, or Sig Flaminio Piccoli, party president, to try to form a new administration.

Some politicians demanded a change in parliamentary voting rules to avoid a repeat of the sudden government defeat on August 4 that triggered the present crisis.

Under the time-hallowed formula of Italian Government crises, Sr Pertini was consulting first with Sr Giuseppe Saragat and Sr Giovanni Leone, both former Presidents, then Speakers of the Senate and Lower House of Parliament, and finally with political party leaders.

The initial contacts were expected to show whether the Christian Democrats and Socialists, main partners in Sr Spadolini's coalition, were prepared to submerge their personal and political feuds in a new alliance.

If no compromise emerges, Sr Pertini will have to dissolve parliament two years early and call elections, probably in October or November.

The Socialists, said by opinion polls to have gained popularity since they won 10 per cent of the votes in the last general election in 1979, are held responsible for bringing down the government.

Sr Bettino Craxi, the Socialist Party leader, withdrew the party's seven ministers from office after fiscal measures earlier agreed by the Cabinet were defeated in a secret vote in the Lower House.

The Socialists accused Christian Democratic deputies, who they said represented vested interests, of sniping at coalition solidarity. They complained that Italy had become ungovernable.

Influential politicians from both the Right and the Left agree on the need to change a procedure whereby a small group of deputies in either house can demand secret votes.

L'Avanti, the Socialist Party newspaper, said it had become an instrument to defend undeclared interests, while Sr Beniamino Andreatta, Christian Democratic Treasury Minister, said the secret ballot should only be used in rare and delicate cases.

The weekly news magazine L'Espresso said in an editorial the central issue in a new election campaign must be how to adjust the country's rusty institutional structures to the demands of a modern industrial state.

During the weekend, both employers' and union organisations joined the majority of political parties which oppose the dissolution of parliament before its 1984 deadline.

Reuter

Gunmen kill six in Paris Jewish quarter

By David White in Paris

GUNMEN ran amok in the main Jewish quarter of Paris, yesterday killing six people apparently at random and injuring at least 22, nine of them seriously.

It was the bloodiest of a series of attacks against Jewish communities in Western Europe in the last four years.

Feelings were running high in the Rue des Rosiers quarter, in the ancient heart of Paris, as irate residents threatened police and journalists, blaming the Press and television for biased coverage of the war in the Lebanon.

Conflicting accounts of the shooting emerged in yesterday's heated atmosphere. Most of the dead—three men and three women—appear to have been customers at Goldenberg's, a famous Jewish restaurant and delicatessen.

Three or four gunmen were reported to have entered the restaurant, taken automatic weapons out from under their clothing and started shooting around them.

Coming out, they then fired into the lunchtime crowd, aiming, in the words of one witness, "at anything that moved."

The gunmen escaped on foot, before reportedly being picked up by a getaway car.

A plain-clothes policeman was among the wounded, apparently hit by counterfire.

A relative of the restaurant owner, M Jo Goldenberg, said there was "blood all over the place" inside, although the windows remained intact. She said the restaurant had received a warning, but no notice was taken since this happened all the time.

The Rue des Rosiers area houses the most dense concentration of Jews of Paris, originating from Eastern Europe and North Africa. Police cordoned off streets after the shooting.

President François Mitterrand asked to take part in a service for the victims at a nearby synagogue last night.

Expressions of indignation flowed in from political parties and other organisations, some of them openly criticising the Government over the mounting wave of terrorist attacks in the capital.

M Jacques Chirac, mayor of Paris and principal French opposition figure, said the city had become the "tilting-ground of every kind of terrorism."

Guinness plans redundancies

By Brendan Keenan in Dublin

GUINNESS IRELAND has won the approval of a majority of its workforce for a scheme to cut employment at its Dublin brewery by more than 40 per cent.

Under the scheme, 1,100 of the 2,500 employed at the famous St James's Gate brewery would lose their jobs. The terms, however, are considered generous, with a general worker aged 57 getting a lump sum of almost I£15,000 (£11,500) and a pension equivalent to two-thirds of salary.

The terms persuaded the largest group of workers—the 1,500 members of the Federated Workers' Union of Ireland—to accept the deal by a comfortable majority in a ballot.

Guinness Ireland is expected to proceed with a I£10m investment programme to modernise the brewery.

However, the 400 craft workers at the brewery have so far refused to accept the company's offer and are still negotiating with the management.

BID TO REDUCE STATE SUBSIDIES

Hungary brings in another price rise package

BY PAUL LENDVAI IN VIENNA

A PACKAGE of huge price increases—the third this year—came into force in Hungary yesterday in a bid to reduce state subsidies, mop up surplus purchasing power, and restore economic equilibrium.

The prices of bread, flour and rice were raised on the average by 20 per cent; those of cocoa, chocolate, oranges and lemons by 25 to 30 per cent and rail and long-distance bus fares have been doubled.

The measures are seen as an important signal to Western banks and governments that the Hungarian leadership is determined to put the economy on a self-supporting basis.

In a lengthy editorial, the party newspaper Nepszabadsag warned the public that the safeguarding of Hungary's financial reputation abroad demanded greater efforts.

Though exports invoiced in convertible currencies jumped by 22 per cent during the last three years, the improvement during the first half of 1982 has fallen short of the expectations, the newspaper admitted.

Preceding the announcement of the latest batch of price increases, the newspaper emphasised that domestic balance between supply and demand was an essential condition for achieving a lasting surplus in trade on hard currency basis.

Industrial output during January-June was up by 2 per cent on the same period last year, and the harvest prospects are said to be good. But at the same time, enterprise investments and private consumption were rising in contrast to the planned target. Both savings deposits and retail trade turnover have expanded.

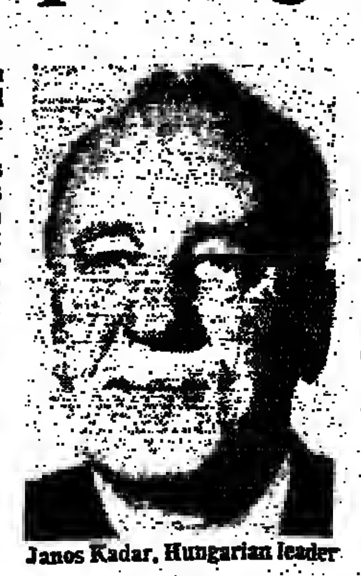
The Hungarian Government this year has already announced steep price increases for petrol, electricity and fuels, ranging from 14 to 25 per cent.

The party newspaper argued that surplus purchasing power either uses capacities which should be channelled into exports, or even gives a push to imports.

Further price increases are expected, probably involving an upward revision of subsidised rents, before the end of the year.

The Hungarian leadership has clearly drawn its conclusions from the lessons of the Polish and Romanian debt crises. It seeks to convince both the Western central banks and the major commercial banks that it will not deviate from its policy of cautious reforms and financial intervention.

The population, though hit badly by the price increases, is aware of the fact that its standard of living is still superior to the rest of the East bloc and that belt tightening now could help avert a more serious situation later.



Janos Kadar, Hungarian leader

Of bulls, Nato and pursuit of reconciliation

BY TOM BURNS, RECENTLY IN SANTANDER

MADRID, LIKE other southern European capitals, closes down for the summer. The capital's establishment, however, regroups from late July through to mid-September in the somewhat incongruous setting of an ad hoc university.

The Spanish equivalents of the City and Fleet Street, the Commons bar, the London club and the Oxbridge high table are to be found at this time of year swapping gossip and ideas at the Magdalena Palace, home of the so-called International University of Menendez Pelayo in Santander on the northern Cantabrian coast.

At one level there is cool academic activity. At another there is think-tank brainstorming. But the underlying feel of the Santander campus is that of a unique forum for the dedicated pursuit of what Spaniards call "reconciliation." This is shorthand for bringing the two, or several, Spains together.

The Magdalena Palace, set on a peninsula jutting out of Santander Bay, looks like a large English country house. That is what it should look like. It was built for Queen Ena, grand-daughter of Queen Victoria and wife of Alfonso XIII, who allegedly pined for the architecture of the Isle of Wight after marriage in Madrid to the young Bourbon monarch. It seems the ideal location for a civilised exchange of views.

According to Prof Angel Vinas, vice-rector of the university, the campus get-together has become something of an indispensable complement to Spain's transition out of Francoism. This talking shop aims in its two-month programme to bring the problems and personalities of contemporary Spain together in a relaxed atmosphere.

The summer courses were started up 50 years ago during the Spanish Republic when the Magdalena Palace was used as a modest reading-party retreat by the progressive intellectuals of Madrid's Instituto de Enseñanza Libre. In the Franco years the practice was continued, but under the aegis of the Falange Party and conservative Catholic lay organisation, Opus Dei.

After Franco, the university was thrown open, now everyone who matters, from right to left across Spain's political and social spectrum, gets a look in.

Francoism's Ptas20m grant to the university was raised dramatically to Ptas200m three years ago and this year the government has allocated Ptas300m (£1.5m) to enable it to hold more courses and invite more people. It is a princely sum by Spanish higher education standards—all the more so since the Magdalena is not a university at all in the proper sense of the word. Prof Vinas readily admits it is "a political investment."

Strictly academic topics play an important role. A bewildering succession of courses bring together international scholars to discuss disciplines ranging from medieval Arab philology to nuclear physics. Concurrently, however, a wealth of lectures, seminars and workshops review such topics as the role of the military, the power of the Press, regional imbalances, constitutional reform and the church and education.

There are also think-tank exchanges among experts. One brainstorming session this summer brought in senior administration officials to debate Spain's entry into Nato. Another has Treasury officials, politicians and economists examining post-Franco reforms of the taxation system. Another seminar is to study energy planning in depth.

Virtually the entire Spanish establishment appears to intermingle without trauma. The crusty general who has been invited for the Nato seminar sits down for breakfast with the firebrand feminist who runs the women's workshop debating abortion on demand. The trade union leader meets his bête noire, the theoretician from the employers' confederation, and the retiring professor, who is the expert on the route to Compostella, runs across the Culture Ministry advisor who can provide the funds for pursuing his pet project on Romanesque restoration.

The fact that the palace can provide common shelter for different walks of life and even for opposing extremes is believed by Professor Vinas and others on the governing board to be the foremost merit of the summer courses.

The university's grant has no visible strings attached to it. The governing board is free to invite who it wants to discuss what they want. Seemingly determined to boost its eclectic, melting-pot image, it has called in top matadors Antonio Ordoñez and Rafael de Paula for a seminar this month on art and tauromachy. The late Queen Ena, who gamely sat through a bullfight on her wedding day, and avoided the sport thereafter must be turning in her grave.

Oil company claims spark row

By Fay Gjester in Oslo

AN OSLO lawyer's unflattering memorandum about the activities of foreign oil companies in Norway has stirred controversy. Its most contentious charges include:

- company harassment of trade union organisers;
- income tax evasion, through funds being channelled to the companies for affiliates—under the guise of payment for services;
- collusion with foreign contracting companies to ignore Norwegian tax and employee protection rules;
- foreign bids for some important contracts are based on an understanding between the oil companies and the foreign contractor, which is promised supplementary payments in respect of "design changes" ordered by the former.

The author of the memorandum, Mr T. G. Borgen, worked for a foreign oil company—Phillips—in an executive capacity until a year ago.

He was asked by the organisers of a State-backed research project—"Safety on the Shelf"—to record his thoughts about how State regulations for oil activities work in practice.

Mr Borgen emphasises that his work is not a deeply-researched report into the state of affairs on Norway's shelf—simply a list of some problems.

The memorandum comments on the oil companies' practice of wooing influential contacts—civil servants and politicians—with lavish meals, salmon fishing trips, and other luxuries. Most Norwegian officials and politicians have been discreet and alert to the dangers involved, it says.

Reactions to the 30-page documents have varied. The oil companies say it paints a false picture of the way they operate. Mr Borgen's former employer, Phillips Petroleum, says the allegations it contains are without foundation.

Mr Arne Rettedal, Minister of Labour, and previously mayor of Stavanger, Norway's oil capital, has dismissed it as "full of unsubstantiated allegations . . . not a serious piece of research."

Trade union officials on the other hand, say the memorandum simply confirms what they have been saying for years about foreign oil company attitudes. The chairman of Nopef, the oil workers' union affiliated to Norway's TUC, said this was "yet another argument in favour of nationalising the oil industry."

A conservative business newspaper, the Oslo Journal of Commerce and Shipping, thinks Mr Borgen's ideas merit careful official study—particularly the allegation that offshore contracts are sometimes steered to the oil companies' foreign affiliates.

Corsican autonomists share balance of power after poll

BY OUR PARIS STAFF

THE SURPRISINGLY strong show of support for the Corsican autonomist party, the UPC, in its first election test on Sunday, means that its candidates and an equal number from smaller parties hold the balance of power in the island's assembly.

Neither the parties belonging to France's ruling coalition nor the main Centre and Conservative opposition parties have established an automatic majority in the 61-seat body, set up after the first of the regional elections taking place under the Government's decentralisation programme.

The single-round proportional representation ballot — an innovation—resulted in as many as 14 of the 17 contending lists gaining seats in the assembly. The UPC beat all predictions by coming third, behind the principal opposition alliance and the Communists, gaining 10.6 per cent of the vote.

Five lists representing different factions of the Socialist-Communist coalition control 22 seats between them, half of these belonging to the Left-Wing Radicals (MRG). The Socialist Party showed its weakness on the island with a disappointing tally of four seats.

The mainstream opposition did better by taking 25 seats, including six for a breakaway centrist group. But it appears to stand little chance of building this up into a working majority.

The UPC and the smaller autonomist party, the PPC, which gained most of their votes at the expense of left-wing parties, have eight seats between them. Five other parties of different shades of opinion share the remaining six seats.

The abstention rate of 31 per cent in line with major national elections on the island and somewhat dispels the Government's initial fears that Corsicans would be indifferent to the new assembly.

Stalemate in Albanian talks

VIENNA—Secret talks between West Germany and Albania on restoring relations frozen since the Second World War have reached a stalemate over Tirana's demands for substantial war reparations, according to diplomats on both sides.

West German officials said contacts between the two sides, which began in Belgrade and later switched to Vienna, took place every three or four months between ambassadors at alternate embassies.

They gathered speed following a statement by Mr Enver Hoxha, the Albanian President, last November that he saw no insurmountable difficulties to re-establishing relations between his hermit-like country and Bonn.

Addressing the Albanian Communist Party congress in Tirana, the 73-year-old leader said he believed the two sides could agree on reparations for damage and deaths caused by German forces occupying Albania after the Italians surrendered in 1943.

But, according to Albanian and West German officials, the talks failed to bridge the gap between the two sides. The last session took place in March, and there were no plans for another in the near future, they said.—Reuter

Short-time for Volkswagen

Volkswagen, West Germany's biggest car maker, plans to introduce short-time working at its domestic car plants for the first time since 1975 because of a fall in sales, an official for the company said, Reuter reports from Wolfsburg.

Volkswagen is to discuss with worker representatives the partial shut-down of car production at two plants for two weeks in September and October. About half its 58,000 workforce at Wolfsburg and more than half its 9,500 workers at Emden could be affected.

Shipping lock go-ahead

Construction of what is believed to be the world's biggest shipping lock is expected to start soon, following approval by the Belgian Government for an initial expenditure of BFr 1.3bn (about £15m) on the project, AP reports from Antwerp. The lock is expected to be operational by 1986, at the northern entrance to the port of Antwerp.

Norwegian jobless up

Norway's unemployment rate rose to 2 per cent of total labour force last month, up from 1.5 per cent in July last year, according to the Government's labour agency, AP reports from Oslo. By the end of July this year, 33,986 people were registered as unemployed.

The bouquet laid in the stillness of dawn symbolises Polish resistance

BY LESLIE COLITT IN WARSAW

EARLY each morning a Warsaw citizen carefully lays a bouquet of flowers in Victory Square and begins to recreate a 40 ft long cross of flowers removed during the night by the security police. In the course of the day thousands of fellow Poles visit the spot, add flowers, light candles and sing hymns and patriotic songs. "Give us back our fatherland free," they sing, waving their fingers in the air in V for Victory signs.

The great floral cross in the centre of Warsaw marks the spot where the coffin of Cardinal Stefan Wyszinski, the late Polish primate, lay in state more than a year ago and where Pope John Paul II said mass in 1979. It has become the opposition's most powerful symbol of resistance to the military government under General Wojciech Jaruzelski.

Located halfway between the Tomb of the Unknown Soldier and the headquarters of Warsaw Military District, the cross attracts far more Poles than either. It is a constant reminder to the authorities of where Polish sympathies lie. On weekends, newly married couples place flowers on the cross, much as Moscow newlyweds lay a bouquet at the monument to the Soviet dead of World War II.

It is small wonder that the Polish military Government has readily agreed to the Episcopate's wish to allow a commemorative plaque to be placed in the Square in the hope the cross will then disappear. It took a Romanian tour guide to bring home the significance of the cross's daily resurrection. Mesmerised by the sight of hundreds of Poles singing fervently while placing photos of Cardinal and Mr Lech Walesa, Solidarity's leader, at the base of the cross, he whispered: "This must be a protest."

Another form of protest is wartime Poland's mark of resistance to the Nazis, which is scrawled in chalk on monuments and buildings throughout the country. Shaped like an anchor—symbol of hope—suspended from the letter "P," it now incorporates an "S" for the suspended Solidarity union.

Yet another sign of resistance to martial law was worn by embittered young people at last Sunday's Solidarity ceremony marking the Katyn massacre of 4,000 Polish officers, which most Poles are convinced was perpetrated by the Soviets. The wore a badge resembling the Solidarity insignia, except with the initials CDN for ciąg dalszy nastąpi — to be continued.

A censored Polish magazine carries the results of a survey of university students showing that while they may be steeped in Polish battle lore they know virtually nothing of "People's Poland"—Communist rule since the war. Even the muzzled Press is more frank than in most Communist countries.

Polish workers remain frustrated by the continued internment of Mr Lech Walesa, along with the repression of Solidarity, and by a severe economic squeeze that the Government admits will worsen.

But will the workers follow calls for militant action from radical young workers and students who say Poles have nothing to lose? Compared with them, even Mr Zbigniew Romoszewski, an underground Warsaw Solidarity leader who has called for a general strike in the autumn, begins to look like a moderate.

Other young men such as Mr Zbigniew Bujak, head of Solidarity in the Warsaw region, who has been hunted by the security forces since December 13, have called for peaceful demonstrations to take place later this month commemorating Solidarity's birth in the Lenin Shipyard two years ago.

Much will depend on whether the splintered union movement can organise itself at a time when the security police will be detaining every suspected Solidarity organiser.

Opposition members say the Zomo, the elite security police, used with lethal effectiveness last December, will be ready for all eventualities on August 15. On this day Poles will flock to their churches to mark the Miracle of the Vistula, the defeat in 1920 of the new Soviet Red Army by Polish forces. The Government fears they could carry their fervour into the streets as happened in months past.

WARSAW — The number of pilgrims marching to the Polish shrine of Czestochona has swollen to 50,000 as thousands join the group along the route of the nine-day walk, AP reports.

The pilgrims, carrying flags and banners left Warsaw on Friday in searing heat for the 173-mile walk to the southern Polish city, site of the Jasna Gora (Mountain of Light) monastery.

The pilgrimage is to arrive on Saturday when the Roman Catholic Primate is expected to delivery a homily at ceremonies marking the 600th anniversary of the arrival in Poland of a portrait of Our Lady, the Polish Church's holiest icon.

The Pope, former Cardinal of Krakow, had hoped to attend church ceremonies on August 26 marking the anniversary. The pilgrimage normally arrives in Czestochona on the 14th since both August 15 and 26 are holy days for Saint Mary.

Among the marchers who set out on Friday were groups from Italy, Hungary and France.

The Roman Catholic daily Slowo Powszechne reported an official total of 38,000 people registered for the pilgrimage, but about 30,000 to 32,000 started the march.

The marchers arrive on the second anniversary of the Gdansk shipyard strikes that launched the independent union Solidarity.

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Pretoria to issue policy statement on police conduct

BY BERNARD SIMON IN JOHANNESBURG

THE Sourtb African Government will shortly issue a "clear-cut" policy statement on the treatment of security detainees, Mr Louis le Grange, the Minister of Law and Order, said yesterday.

Mr le Grange's statement follows the public outcry over the death in detention over the weekend of Mr Ernest Dipale. According to the police, Mr Dipale hanged himself with a blanket in his cell at John Vorster Square, Johannesburg's police headquarters.

Mr le Grange said the policy statement would not be embodied in a law, nor would it be a formal code of conduct. It would set out the "way we will endeavour to handle all people whom we detain in terms of security legislation."

The minister conceded the police were not "absolutely blameless" in the deaths of some security detainees, about 50 of whom have died in police custody over the past 20 years.

Mr le Grange, speaking at a luncb yesterday hosted by the Foreign Correspondedts Asaociation, said his department's police methods were similar to those used in many Western countries.

● The South African Rand sank to an all-time low against the U.S. dollar yesterday—mainly as a result of the lower gold price and the strong dollar.

The rand touched a low in Johannesburg of 85.7 U.S. cents during the day but recovered slightly in the afternoon to close at a mid-rate of 87.84 cents. The currency has lost over 35 per cent of its value against the dollar since its recent peak of $1.35 in January last year.

According to the Standard Bank, the country's second largest banking group, the reserve banks appears to be moving the Rand exchange rate to maintain a constant gold price in rand of about R400. Gold accounts for about 45 per cent of South Africa's merchandise export earnings.

Bankers disagree on tbe likely short-term direction of the rand, with some forecasting a significant further drop and others predicting it will stabilise at current levels before rising slowly towards the end of the year.

Tbe predictions generally depend on assumptions made of the future trend of the gold price.

Cairo sees new role for PLO in Mideast

By Francis Matthew in Cairo

EGYPT HOPES to see a reshaping of Middle East diplomacy as a result of Israel's invasion of Lebanon, with an enhanced position for the Palestine Liberation Organisation.

During the long siege of Beruit the U.S. has been anxiously seeking countries willing to accept the PLO guerrillas once they leave Beirut. Egypt agreed to take some, bnt only if the U.S. gave a clear statement of support for a Palestinian homeland.

That position has now softened to a more general insistence on linking evacuation to a comprehensive settlement. But it is unlikely that if a ship full of PLO guerrillas arrived in Alexandria they would be turned away even if the U.S. had not given the required statement.

Mr Kamal Hassan Ali, the Foreign Minister, yesterday told the newspaper Mayo that Egypt would take "some" of the 6,000 guerrillas as part of a general settlement. Mr Butros Ghali, Foreign Affairs Minister, has mentioned the figure of 2,000.

Any PLO units in Egypt will not be allowed to carry out military activity, which would be forbidden under the peace treaty with Israel. They will initially be housed in a military camp near Alexandria.

Egyptian officials said that the future of the Ain Jallout force of the Palestine Liberation Army (PLA) is still not clear. The 400-strong group is part of the PLO's regular forces and was based in Snez until 1976, when it was sent to the Lebanon during the civil war.

Egypt's anger with Washington's policies in Lebanon and its steady support for Israel were indicated by Field Marshal Abu Ghazala, the Defence Minister, this week who hinted at a reduction in military co-operation with the U.S.

Egypt did not turn to the U.S. for help with her UN resolution but asked the French instead. The Franco-Egyptian resolution affirms Israel's right to exist behind secure and recognised boundaries, and also affirms the Palestinians' right to self-determination "with all its implications

Tony Hawkins in Harare looks at Prime Minister Mugabe's battle with the courts

Zimbabwe suffers a self-inflicted crisis

THE PAST month has been one of the most difficult for Mr Robert Mugabe, Zimbabwe's Prime Minister, since taking office in April 1980. While some of his problems are not of his own making—the world recession and the aftermath of the severe 1981-82 drought—some certainly are self-inflicted.

The confrontation with the Judiciary over the continued detention of two white farmers who have three times been released by the courts was surely avoidable. Yet, last week, the Attorney General told a High Court judge that, irrespective of what the courts may decide, "the executive is not going to release them."

Diplomats, both from non-aligned and Western countries, have been urging caution on Mr Mugabe not just in the conflict with the courts but in the wider issue of deteriorating relations with Mr Joshua Nkomo's Zapu party.

But, last week, the Prime Minister adopted a harsh line against Mr Nkomo, whose supporters are blamed by the government for the outbreak of violence and robbery in Matabeleland. Warning Parliament that the Government might be forced into "extra-legal measures" Mr Mugabe added: "We may demand two ears for one ear and two eyes for one eye."

This statement was interpreted not just as a warning to Zapu that the Government'a patience was close to exhaustion, but also as support for hardliners in Cabinet, including Dr Herbert Ushewokunze, the Home Affairs minister, who have come out against the courts for being unduly lenient on persons accused of aecurity offences.

It is true that the Government has had some severe setbacks in the courts. The release of the York brothers (since re-arrested) was closely followed by a court judgment declaring the order detaining a Republic Front MP, Mr Wally Stuttaford, to have been illegal. Extra-legal measures are already contemplated in the decision to re-introduce emergency powers, originally adopted by Mr Ian Smith'a Government in the 1970s, precluding legal action against thet police, army and prison service.

At the heart of the legal crisis is the Governments's belief that its opponents are determined to undermine it. The abduction of the six white tourists near Bulawayo a fortnight ago was the first overt sign that the 2,000 or so Ndebele dissidents—who profess loyalty to Mr Josbua Nkomo—were politically inspired. Hitherto, their conduct bad been random criminal activities—mainly robbery with violence. Bnt the ransom note at the time of the kidnaping, significantly signed "Zipra forces" demanded political concesaions.

This was followed 48 hours later by the obviously well-planned and apparently successful aabotage attack on Thornhill aircraft base, in whicb at least five aircraft were destroyed and an unknown number severly damaged. The immediate assumption was to link the attack with Zipra but the very sophistication of the weapons used has fuelled speculation that it was the work of disgruntled whites.

With an estimated 1,500 troopa and police searching for the kidnap gang in Western Zimbabwe, Mr Mugabe could have done without apparently totally unrelated gangster activity in the Inyanga tourist district far to the east. Three young Britons were murdered by unknown gunmen some time last montb and in the past 10 days two white farmers have been killed by gangs.

These incidents are understandably having a major impact not just on the tourist trade, which is experiencing many cancellations, but also on

Mugabe . . . a difficult month

white morale (in particular) and on the morale of that vitally important element in the white minority—the 5,700 commercial farmers, wbo produce 85 per cent of the country's marketed agricultural outpnt.

The fact that at tbe annual Commercial Farmers Union congress last month, ministers spoke about the security position behind cloaed doors was reminiscent of wartime conditions. Not that anyone is suggesting that there bas been so serious a deterioration. But, clearly, it is a major disappointment after the radical change for the better in the security position last year.

Far more serious than the banditry is the political confrontation between the majority Zanu-PF and Mr Nkomo's minority Zapu. The Ndebele leader bas publicly disowned the insurgents and this week met the Prime Minister to discuss a "common approach." While Mr Nkomo seemed pleased with the response, the Prime Minister's office issued a chilly statement noting that the meeting had taken place at Mr Nkomo's request and that, having listened to Mr Nkomo, Mr Mugabe had told him what be sbould do.

The meeting served to dampen speculation that a ban on Zapu and the arrest of its leadership might not be far away—speculation that owed much to statements by ministers, including one by Mr Mugabe bimself who told his supporters that Mr Nkomo would be dealt with "strongly."

Further reassurance came from the Prime Minister himself wbo, this week, ruled out a one party state during the life of the present parliament which ends, at the latest, in February 1985.

Underpinniog tbe bad political news has been a sharp deterioration in the economy. After two years of abnormal economic growth, when real output increased by an average of 13.5 per cent a year, there has been a marked slowdown. Industrial output, whicb grew 10 per cent last year was flat in the first quarter of 1982. Mining and agricultural production will be materially lower than last year.

Exports fell nearly 10 per cent in the first quarter while imports were up more than 17 per cent. As a result the trade deficit for the first quarter was almost as large as in the entire year io 1981.

The balance of payments deficit, which rose more than 150 per cent last year, will grow by a further 25 per cent in 1982. Major employers in mining and manufacturing have been warning that without state assistance major layoffs migbt be necessary. To avoid tbis, Dr Bernard Chidzero, the Finance Minister, provided aid of Z$50m (£38m) to maintain output and employment.

Business morale was boosted by what is widely regarded as a fiscally conservative and realistic budget, but just as this was being digested came tbe news of a further 9 per cent reduction in import allocations taking the total cut in the past year to more than 22 per cent.

A key snag is working out just wbat the Government is thinking—be it in the political or economic field. Minutes before Dr Chidzero introduced hia pro-business budget, the Prime Minister was on his feet castigating capitalism as an evil "if totally incompatible with humanism and the morality of an equal society." In the budget debate, the Finance Minister has earned the plaudits of the white opposition, but his measures have come under fire from his own party.

The business community is hoping that Mr Mugabe will keep bis cool with Zapu and accept at face value Mr Nkomo'a inability to control his young hotheads. At the aame time, Zimbabwe needs a compromise solution to the looming confrontation between the courts and the executive over buman rights. If these two problems can be overcome, then the bad patch of recent weeks may turn out to be nothing more than just that—a spell of bad luck that afflicts any administration.

Precisely wbere the balance now lies in government is not clear. On the one hand, the militants are thirsting after a showdown with Zapu wbile the moderales, like Mr Mugabe, are looking to a one-party atate after the next elections. On the other, the realism of economic pragmatists, like Dr Chidzero, contrasts starkly with the over-blown optimism of some ministers and the ideologues.

It is clear, however, that Zimbabwe will continue to face an uphill battle in convincing investors and bankers that its teething troubles are over. Dr Chidzero was talking in the budget of a detailed statement of investment procedures which he hoped would attract bitberto elusive foreign private capital, but it is going to take more tban that to do the trick. The budget was on the right track and it would be a pity if it were to be derailed by political developments.

Bangkok plans to develop eastern seaboard

BY JONATHAN SHARP IN BANGKOK

A PANEL of foreign and Thai consultants has forecast that an ambitious project to industrialise Thailand's eastern seaboard, south-east of Bangkok, will cost 103bn baht (£2.5bn), the bulk of the funds coming from overseas sources.

A study commissioned by the Thai Government said that industrial investment would account for more than two-thirds of the amount, with the rest required for infrastructural development.

The report envisages a variety of heavy industries plus two deepwater ports to be located on a wedge of land jutting into the Gulf of Thailand.

An important aim of the project is to stem the growth of overcrowded Bangkok by establishing an alternative industrial and urban base.

Central to these plans has been the discovery and development of offshore natural gas, which is seen as a major source of energy for the project.

The report, which was published last week, said that as development of the project proceeded it would become an increasingly powerful "magnet for growth."

But the early omens for this planned industrial base have not all been favourable. Talks between the Thai Goveroment and a Swedish consortium to build a fertiliser plant along the eastern seaboard as part of the larger project broke down earlier this month.

Sabah pins its 'space age' hopes on offshore gas

BY DAVID DODWELL IN LABUAN

WHEN, in 1846 the Sultan of Brunei first ceded the north Borneo islaod of Labuan to the British businessman and adventurer Raja Sir James Brooke, there were great bopes for the island's future as a coal port and trading post. It took 30 years for the British to abandon their high hopes for the island.

But now, more than a century later, and as part of the East Malaysian state of Sabah, there are once again grand plans for the development of Labuan.

As the home of Sabab's chief minister, Datuk Harris Saleh, and as the nearest landfall for large gas fields off the Sabah coast, Labuan is to be the catalyst for industrial development in a state still thick with tropical jungle and inhabited by forest tribespeople.

"The industries we're setting up here are going to lift our state out of the Bronze Age and into the Space Age in just a couple of decades," says a prominent local politician.

Linked with major investments to bring natural gas onshore from the Erbwest and Samarang oil and gas fields more than 80 miles out to sea, a sponge iron plant and a methanol and power project are already under construction. These projects alone are likely to cost $1bn (£584.8m).

Already, Labuan has the air of a boom town, with housing estates mushrooming in all directions and limousines clogging the narrow streets. The population has doubled to 35,000, with a further 10,000 military personnel at the nearby army, air and naval bases.

Local businessmen and politicians claim Labuan was a neglected ghost town until Datuk Harris and his Berjaya Party came to power in Sabah in 1976.

This is partly true, in that the island could never have hoped to attract such substantial resources if it bad not been the cbief minister's home town.

However, Labuan haa always had a distinctive and cosmopolitan air in a state still dominated by logging and the export of tropical bardwoods.

It baa been a free port for a long time and, as such, is the bome of a bustling $40m a year barter trade between mainland China and the southern Philippine cities of Zamboanga and Holo.

Datuk Harris Saleb reacts sharply to suggestions that Labnan haa boomed because of his personal influence and patronage.

"Look at where the gas fields are, and tell me wbere else yon would bave set up Sabab's new industries," be aays. His retort has some weight, aince the only viable alternative would bave been Kota Kinabalu, the state capital, about 100 miles east along the coaat.

But now the decision bas been made, Labuan seems set for rapid development. Already, a large flour and feed mill is in operation, supplying both Sabah and Sarawak.

Labuan is never likely to become a Singapore or Hong Kong. Nor are Sabah'a modest oil and gas reserves likely to give it the wealth of the Gulf states, but Labuan baa a critical part to play in the state's modernisation plans. Whereas the prospect of coal over a century ago merely tantalised, natural gas has laid a foundation for solid growth. After all his frustrations and disappointments, Raja Brooke would have been gratified to learn be was not completely mistaken about the potential of the island.

India and Fiji in clash over political funds

BY DAI HAYWARD IN SUVA

RELATIONS between India and Fiji have deteriorated to their lowest level for many years, following allegations by Fiji's Prime Minister, Ratu Sir Kamaisese Mara, that a former Indian High Commissioner had become involved in local politics.

Indian and Fijian officials in Suva both say the Indian Prime Minister, Mrs Indira Gandhi, may cancel her visit to the Commonwealth Heads of Government meeting in Suva in October because of the allegations.

These include allegations by Ratu Mara that Fiji's opposition party received funds indirectly from the Soviet Union in last month's general election campaign.

Ratu Mara alleged that the Indian High Commissions in Sydney, Australia, and in Suva bad been involved in belping to pass the money to the National Federation Party.

The Indian Government has denied the allegations, describing them as "miscbievious and wilful."

U.S. tax cut plan too ambitious, Baldrige says

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR MALCOLM BALDRIGE, the U.S. Commerce Secretary, has again stepped out of line with the Reagan administration by suggesting that the $350bn (£200bn) tax cut planned last year was too large.

The 25 per cent cut in personal taxation, spread over three years, was regarded by President Ronald Reagan as one of the cornerstones of his economic policy—and he has since complained that Congress did not allow him the full 30 per cent he had asked for.

Mr Baldrige, however, said at the week-end that mounting budget deficits, and the Administration's support for a $100bn increase in indirect and business taxes, "certainly implies that if we had to do this all over again we would have asked for less of a tax decrease last year."

The bill to increases taxes currently under consideration in Congress was a "mid-term correction" in Mr Reagan's economic policy, Mr Baldrige said. Mr Reagan has postponed a holiday at his California mountain-top ranch to lobby for the bill, in the face of a serious rebellion by Republican "supply side" economic conservatives, who were once his closest allies.

Last week Mr Baldrige became the first mamber of Mr Reagan's cabinet to go public with a prediction that the fiscal 1983 budget deficit would be $20bn to $30bn higher than the Administration's official mid-year forecast of $115bn.

His estimate, with which many Administration officials would privately agree, put the deficit nearer the $140bn to $160bn predicted by the Independent Congressional Budget Office and many private economists.

Mr Baldrige now also appears to be contesting the "supply side" contention that tax cuts promote economic expansion and thus lower budget deficits. "Unfortunately there are not enough people in the financial markets who believe that tax cuts take priority over budget deficits, he said in a television interview.

Rather, he said, the markets believed that deficits had to be cut so that interest rates would come down. If the $100bn tax increase went through, the tax reduction over three years would be $250bn instead of the originally planned $350bn, he said.

"I would submit that if we had started out with $250bn, so that there was no change this year, there would have been the same joy and dancing in the streets, and the same laudatory statements from the supply-side economists. It's still the largest tax decrease in history," he said.

It should have been clear when Mr Reagan took office that a recession was on the way "no matter what he would have done," Mr Baldrige added.

The continuing slowdown in July was independently confirmed in a survey by the National Association of Purchasing Managers, which reported that new orders continued to be weak and that there was no evidence of recovery in the industrial sector.

In Washington, Mr Robert Dole, Republican chairman of the Senate Finance Committee, said that unless Congress passed the tax bill, "unwelcome" higher interest rates and further economic paralysis could result.

Reagan's federalism plan faces setback

By Anatole Kaletsky in Washington

U.S. State governors have dealt a possibly fatal blow to what President Ronald Reagan regards as his most important domestic policy initiative, the "new federalism" plan for shifting Government programmes from federal to state level.

At its annual meeting in Afton, Oklahoma, over the weekend, the National Governors' Association decided to submit its own plan for federalism directly to Congress, aidestepping the President's plan, which has been judged unacceptable because it would allow the federal government to disown much of its present responsibility for assisting the poor.

The governors' executive committee, which has been locked in negotiations with the White House for six months since President Reagan unveiled his plan, voted unanimously to draw up its own proposals after expressing intense frustration with the attitudes of Administration officials.

Mr David Stockman, the White House Budget director, came in for particular criticism from governors of both parties.

One governor said Mr Stockman had "tunnel vision" about exploiting the federalism initiative to shift the costs of government on to the states.

The governors' chairman, Richard Snelling of Vermont, said there was little chance of any agreement between the Reagan Administration and the states because of the Administration's refusal to accept that the maintenance of "decent" minimum standards for health and incomes was a federal responsibility.

State leaders from even the traditionally conservative parts of the country have opposed President Reagan's attempt to dispense with all federal standards of income-maintenance for the poor.

Although they may support the President's anti-welfare stance ideologically, they are concerned about any reform that would cut the flow of federal money to their states.

The governors were also warned that they could face enormous new costs if a constitutional amendment requiring the Federal government to balance its budget was passed.

Mr James Jones, chairman of the House of Representatives budget committee, said that the amendment, which was approved last week by the Senate, could be pushed through the house "even though the majority of House members recognise the hypocrisy and folly of the proposal."

UN group on slavery meeting hears evidence

GENEVA—Five pesos ($3.50) is the going rate for Haitians captured and sold to the sugar mills in neighbouring Dominican Republic, a UN group on slavery was told yesterday.

The London-based Anti-Slavery Society — the world's oldest human rights organisation — said allegations of the sale of Haitians were continuing.

"A 10-year-old boy was captured and sold to a sugar mill. Five pesos was reportedly the price of captives last year in the border town of Padernales," the society said in a report to the UN group, which began a week-long meetitng yesterday.

The UN body is being urged by one of its members, British human rights campaigner Ben Whitaker, to take urgent action to free and help rehabilitate millions of slaves around the world.

He said age-old forms of slavery had been replaced by new forms of servitude and gross exploitation.

Listing these as the sale of women and children, forced marriage, prostitution, child labour, and debt bondage, he called on the UN to provide legal and educational advice for ending these practices and funds to help freed slaves.

The anti-slavery society's reports specially attacked India, Brazil, and the Dominican Republic.

Some 97 nations have signed an international convention to eradicate all forms of slavery.

Hollywood bids for pay TV deal

BY PAUL BETTS IN NEW YORK

THE LARGE Hollywood studios are again trying to penetrate the fast-growing and lucrative U.S. pay television cable business with a deal which would give three of the country's leading motion picture companies a direct equity in pay television.

The deal, expected to be announced shortly, would give Paramount Pictures, Universal Studios and Warner Brothers a 25 per cent stake each in the so-called pay television service "Movie Channel" owned by Warner-Amex, the joint cable venture between Warner Communications and American Express.

The three studios would thus be able to participate directly in the pay television business which is currently dominated by Home Box Office (HBO), the pay service owned by the Time Inc conglomerate.

In turn the deal, which would strengthen Warner-Amex's access to new motion pictures, would help Warner-Amex's "Movie Channel" pay service compete more aggressively against HBO, which has 11m subscribers compared to the Movie Channel's 3m.

This is the second time in two years that major studios have sought a direct interest in pay television. The first attempt involved a pay television network called Premiere, involving Paramount, Universal, Twentieth Century Fox, Columbia Pictures and the Getty Oil Company.

The U.S. Justice Department blocked the venture on tha grounds that it would be uncompetitive, since the network would have exclusive film rights with the studios.

ECGD likely to back Tokyo loan

BY RICHARD HANSON IN TOKYO

BRITAIN'S Export Credits Guarantee Department is expected to guarantee a Y60bn (£136m) loan extended by a consortium of Japanese banks as part of the financial package accompanying a bid by Davy McKee to supply steel plant to the Philippines.

Apart from being the first ECGD guaranteed yen loan, the proposed credit would also be the largest single yen-denominated loan ever extended to an overseas borrower by Japanese banks.

An additional Y60bn-worth of financing could be extended to cover phases two and three of the Philippines steel contract if Davy McKee is successful in winning the bid.

Davy McKee is the leader of one of several international consortiums seeking to win a contract to build a 1.5m tons integrated steel plant for the National Steel Corporation of the Philippines. The entire project is expected to cost around Y270bn.

If tha consortium headed by Davy McKee is successful a substantial amount of equipment procurement may be placed in Japan. Japanese members of the consortium are likely to include Kobe Steel and the general trading company C. Itoh and Co.

To make the bid possible, Lazards Brothers, the British merchant bank, has been successful in winning agreement in Tokyo from Japanese banks for the yen loans. A precise breakdown of the yen credits being discussed was however, not available.

Yen export credits to finance British exports were made possible in May, when the two governments reached an agreement. The Japanese authorities have a similar arrangement in the works with the U.S. Export-Import Bank.

Competition for the Philippine steel project appears to be intense. Apart from the Davy McKee-C. Itoh group, there is expected to be at least one other all Japanese bidder.

This has raised the possibility of both the UK and Japanese governments offering the Philippines "soft" credits to bolster two bids backed by officially guaranteed Yen export financing.

The Japanese Government is said, however, to be cool to the steel project idea. The steel industry in the rest of Asia, including Japan, is already suffering from a prolonged recession and needs no extra capacity.

At least four big Japanese banks — Dai-ichi Kangyo, the Long-term Credit Bank of Japan, the Industrial Bank of Japan, and the Bank of Tokyo —are vying to lead the Lazards proposed credit.

Concern over Saudi move on LPG prices

BY RICHARD JOHNS

SAUDI ARABIA'S customers for Liquefied Petroleum Gas—propane and butane—are concerned about the clear notice given last week of the government's intention to tie prices in future to Arabian light crude on a thermal basis.

Clarification will be sought by the four U.S. major oil companies with a stake in Saudi Arabia, Exxon, Socal, Texaco and Mobil, when their representatives meet Dr Abdulhardy Taher, Governor of Petromin, the state oil corporation, in New York today.

The current Saudi price is $225 a ton for propane and $255 for butane, giving an average in the usual contract sales package of about $240 — about 85 per cent in terms of BTU thermal parity. Putting it on an equivalent basis with Arabia Light would give a new price of up to $282 a ton.

There was sufficient ambiguity in the message sent on August 5, which does not refer specifically to "full" parity, to suggest that the indexation might be open to debate and discussion, however.

Any precedent would be an important one. Saudi Arabia is not only the dominant exporter of LPG but any new pricing formula enforced by it would be followed by Kuwait, the United Arab Emirates and Qatar.

Objections to linkage are based largely on the fact that demand for LPG fluctuates far more widely than for any other fuel in the short-term and its price has, as a result, been relatively volatile compared with crude oil. Last year witnessed a large drop in the price of LPG.

Tha Saudi move was not unexpected. It waa known to be under serious consideration by the special committee set up by Petromin a year ago under Mr Abdul-Aziz Turki, Deputy Minister of Oil, to consider the question of the pricing of LPG.

The telex sent to customers by Dr Taher also implies that Petromin may charge more than the equivalent on a thermal basis of Arabian Light for LPG.

It says that customers will have the right to decrease quantities if the price is increased "to a level exceeding 100 per cent of BTU equivalent of tha posted price of Arabian Light."

The four companies are also anxious about the fact that Petromin wants to assume the power under proposed changes to contract terma to cut deliveries by cancelling phase-out clauses.

Petromin's message calls for customers to say how much LPG they will require and over what period—with a maximum duration of contracts of 10 years rather than the present 4-5 years.

The implication is that the price linkage to Arabian Light crude on a thermal basis would come into force from the beginning of next year.

Rise in coal demand seen

BY SUE CAMERON, CHEMICALS CORRESPONDENT

WORLD DEMAND for steam coal will increase over the next few years as more and more electricity is generated in coal-fired power stations, according to forecasts in a report by Sheppards and Chase, a City-based firm of stockbrokers and analysts.

The report says new coal-fired power stations are now being built while oil-fired stations are being converted to coal. This will ensure "further increases in demand in the medium term," although total world demand for steam coal in 1982 is predicted to stay at 1981 levels.

Sheppards and Chase says world steam coal prices are currently being held down because of surplus supplies from Poland. B

Swedish car sales revive

BY WILLIAM DULLFORCE IN STOCKHOLM

CAR SALES in Sweden are recovering after two years of sharp decline. In the first seven months of this year 121,236 new cars were registered, 13.6 per cent more than in the corresponding period of 1981, according to figures released by the Car Industry Association.

The field is led by the domestic manufacturers, Volvo and Saab, who between them supplied 40 per cent of the new cars sold. Tha Volvo 200 models are at the top with 25,374 registrations while Saab sold 11,766 of its 900 range. The smaller Volvo 300S, built in the Netherlands, took third place.

The Volkswagen/Audi group, for which Saab-Scania acts as agent, remained the third largest supplier to the Swedish market with 12.38 per cent.

Indonesia concludes £74m barter agreement

JAKARTA — Indonesia has concluded one of its first counter-trade barter agreements, worth $127.6m (£74m), with 10 foreign fertiliser suppliers, the Indonesian Ministry of Trade said.

The 10 companies, who tendered for 977,000 tonnes of fertiliser, received their letters of award this month.

Indonesia's controversial counter-trade policy, introduced last January, stipulates that suppliers on Government contracts must import Indonesian non-oil and gas products to tha equivalent value of the materials they bring into Indonesia.

The 10 companies complying with the regulations on the fertiliser contract were named as Danubiana of Romania; Fred Leker and Co of West Germany; Kuok International of Singapore; three U.S. companies, International Commodities Export Trading Company, Amitrax Corporation, and Sagita International; Kali Bergbau GDR; Hartindo of Singapore; Japan's Mitsubishi Corporation, and Woodward Dickerson of Singapore.

Reuter

NZ, Indian deals for Elkem

By Fay Gjester in Oslo

THE ENGINEERING division of Elkem, the Norwegian metal smelting and chemicals group, has won two contracts —with India and New Zealand.

The deal with New Zealand covers the supply to New Zealand Steel Development of two pig-iron furnaces, with a combined output capacity of 725,000 tonnes a year.

The sale to India, worth nearly NKr 140m, is the largest Elkem has concluded with that country's smelting industry. A plant able to produce 50,000 tonnes of chrome yearly will be delivered to Indian Metals and Ferro-Alloys.

Canada reopens debate on U.S. trade links

BY RICHARD MACKIE IN TORONTO

THE CANADIAN Government's decision to seek participation in the consortium developing the Airbus A320 aircraft has reopened the debate over whether Canada should shift much of its trade from the U.S. to Europe and has resurrected regional antagonisms over the placing of aerospace industry contracts in Canada.

It has also contributed to the controversy over whether Air Canada, a state-owned corporation which is Canada's major airline, should be allowed to operate as a private company or should be used as an instrument of government policy.

The option of shipping a substantial portion of Canada's trade from the U.S. to Europe was vocally promoted by M Pierre Trudeau early in his 14-year career as Prime Minister.

He argued that Canada could not have independent cultural policies or its own foreign affairs stance while so much of its economy was tied to the U.S. This has been a major argument behind such policies as embodied in the Foreign Investment Review Act and the National Energy Programme, which are designed to discourage foreign — especially U.S.—ownership of industry in general and of petroleum companies in particular.

However, most of Canada's historic trade ties are with the U.S. Its proximity and the similarity of its people make it difficult to break these ties.

Even when Canadians take over companies formerly owned by Americans, they often end up trading with the U.S. As a result, about 70 per cent of Canada's trade remains with the U.S.—a slight increase since M Trudeau became Prime Minister.

The Government sees participation in the European Airbus consortium as a way to try to loosen these ties.

Canada has a sophisticated aerospace industry which last year employed 42,000 workers and had exports of C$3bn (£1.3bn). Much of this was under sub-contracts from U.S. aerospace companies such as Boeing of Seattle, which is expected to develop a competitor for the A320 and which has been discussing Canadian participation in its new aircraft.

Mr Pierre de Barre, the Canadian Minister of State for Foreign Affairs, argues that the Airbus project would be advantageous for Canada because it would come off the assembly line sooner and because it would give Canada participation in what he claims is "one of the greatest success stories in marketing in recent years."

It would also help a state-owned corporation. Toronto-based de Havilland Aircraft of Canada, which is the Canadian representative in the talks with Airbus. De Havilland's strength lies in building commuter aircraft, but Mr John Sandford, its president, says an agreement with Airbus would allow the company to diversify its base.

The Airbus A320: centre of debate

The Liberal Party's Quebec caucus enthusiastically supports participation in Airbus because Quebec has been promised a $500m aircraft plant and up to 2,000 aerospace jobs if the project goes ahead. However, English-speaking western Canada, particularly the Winnipeg area, is angry at what it sees as another example of the Liberal Government transferring jobs from it to French Canada.

Winnipeg has traditionally been a major aerospace centre, although in the past the Federal Government has transferred plants such as maintenance centres from there to Montreal. There are still several plants in Winnipeg, including two operated by Boeing, where over the past eight months, 250 people have been laid off, reducing the workforce to 325.

Job creation is a major political issue in Canada and the Liberal Party, which has only two members of parliament from western Canada, has little to lose by shifting jobs to Quebec.

But the Liberal Party could still lose politically if it were seen to be interfering with the operations of Air Canada. The airline has a record for safety and efficiency which has earned it a high level of public trust.

In the 1950s, it bought two British makes, the Vickers Viscount and the Vanguard. Since then it has bought all its aircraft from U.S. companies including Boeing, McDonnell-Douglas, which has a plant in Toronto, and Lockheed, which also has operations in Canada.

In total, Air Canada has bought 46 Boeing aircraft, ordered a dozen new 767s and has options for 18 more. Canada's second largest airline, CP Air, a unit of Canadian Pacific of Montreal, has acquired 30 Boeing aircraft. Other Boeing customers include most of the larger airlines in Canada.

Only Wardair International of Edmonton, Canada's largest airline, which has bought aircraft from Boeing, has placed orders with Airbus. Last year, it contracted for six A 310s but it has asked for two year delays in the deliveries.

The more cynical among the Canadian public see the Government's action in opening discussions with Airbus as an easy, inexpensive way briefly to deflect criticism over its handling of the economy. This cynicism will last until the Government signs an agreement which commits it to spend money on the project rather than merely engage in talks.

Boeing says it does not see an urgent need to develop a new 150-seat airliner because of a surfeit of current orders and options. Tha market is soft because of airlines' economic problems, it argues.

Mr Tom Bacher, director of Boeing's international business, concludes: "In our evaluation of the current situation wa don't foresee a demand for 150-seaters as soon as Airbus does. The time frama for this (type of) aircraft involves no great pressure to initiate a programme this year."

Anatole Kaletsky in Washington assesses Mr. Martin Feldstein's likely impact on the U.S. economics team

Reaganomics recruits a heavyweight with a reputation to risk

THE REAGAN Administration at last has an economist who will be able to risk his reputation in defending Reaganomics. Mr Martin Feldstein, the Harvard University professor whom President Reagan nominated on Friday to be chairman of his Council of Economic Advisers, will be the first economist who has any substantial academic reputation to risk to associate himself with the Reaganomics experiment.

As one of Mr Feldstein's Harvard colleagues put it over the weekend: "This appointment brings into the Administration a much higher level of capability than they have had so far. He is a vastly more talented person than any economist they've had."

To understand the possible significance of Mr Feldstein's appointment, it must be appreciated how low the Reagan Administration economics has sunk in the academic community's estimation. The Reagan economic advisers so far have mostly been either narrow specialists in fields with limited relevance to the broad macroeconomic crises which the Administration has faced, or have been so opinionated in their previous academic work that only other economists who shared their preconceptions took their researches seriously.

Although Mr Feldstein freely admits to being a conservative and has provided some of the most consistent empirical and theoretical justification for reduction in taxes and social spending, he is fully accepted by the mainstream of American economists as an honoured member of their fraternity.

Indeed this point has apparently been high in the minds of President Reagan's political advisers in choosing Mr Feldstein. White House officials have said they concluded that the President was badly served by a collection of feuding "theoreticians" with narrow and incompatible views, who reduced instead of enhancing the credibility of economic policy. A widely respected and less ideological voice was needed, they said about Mr Feldstein's appointment.

> 'It must be appreciated how low the Reagan Administration's economics has sunk in academics' esteem'

On the other hand, Mr Feldstein will have to live with the suspicion of some hardline conservatives in the White House who are concerned about the high reputation he earned as a moderate Keynesian economist during his four years at Oxford in the 1960s and in his early days at Harvard.

The fascinating question about Mr Feldstein's appointment is whether he will content himself with a role as apologist and occasional scapegoat for Reaganomics in its present form, or whether he will press for a bigger share in the formulation of economic policy than that enjoyed by Mr Murray Weidenbaum, his predecessor.

Although the chairman of the CEA is technically the chief economic adviser to the President and the Cabinet, the real power of the office depends entirely on the balance of personalities within the Administration.

Established in 1946 "to help the President formulate a national economic policy that will provide maximum employment, production and purchasing power under free competitive enterprise," tha Council reached its apogee of influence with the Kennedy administration in tha early 1960s, under the chairmanship of Mr Walter Heller.

The membership of the CEA in the 1960s was a roll-call of some of the most distinguished Keynesian economists in the U.S., including two Nobel laureates, Professors Paul Samuelson and James Tobin. The third American Keynesian who has won a Nobel prize, Professor Lawrence Klein, was a member of the CEA during the Carter Administration. But as the number of professional economists working in other parts of the Government has grown over the past 15 years, the Council's natural influence has tended to diminish.

President Reagan . . . Feldstein would complement his more ideological judgments

Martin Feldstein . . . "vastly more talented than any economist they've had"

Only powerful chairmen, like Mr Alan Greenspan in tha Ford Administration and Mr Charles Schultze in the Carter period, emerged to become their Administration's principal economic policy makers and spokesmen.

Mr Weidenbaum was officially part of a "troika" of economic officials who talked directly to the President on a regular basis. But the troika's two other members, Mr Donald Regan, the treasury secretary, and Mr David Stockman, the budget director, were unmistakably the senior partners. Although the CEA chairman attends more Cabinet meetings, he is not a member of the Cabinet. The budget director's job, which had a similar status in previous administrations, was raised to full Cabinet rank by President Reagan and this has further tended to reduce the importance of the CEA.

If Mr Feldstein, who has not been offered full Cabinet membership, does manage to put his imprint on Reaganomics, his past work points to two of the most controversial areas of economic policy that may be affected — the 10 per cent personal tax cut announced for next July and the future of the social security pension system.

Most of Mr Feldstein's recent research has been on the debilitating effect of business taxes on investment and of Government pension provisions on savings. He may turn out to be the Administration's strongest proponent of comprehensive tax reform, with emphasis on further cuts in business taxes, possibly as a substitute for some of the personal tax reductions planned at present.

> 'The fascinating question is whether Mr Feldstein will content himself with a role as apologist and occasional scapegoat'

He may be even more eager to curb the growth of social security. He has long maintained that the extension of government pensions, particularly to the middle classes, has undermined society's biggest incentive for personal savings. This he regards as one of the deepest causes of the decline in private investment and productivity in the U.S. economy.

Mr Feldstein's theoretical views on restraining social security complement perfectly the more ideological judgments of President Reagan. While there will be no action against social security before the Congressional elections in November, the 1984 budget, to be presented to the new Congress in January, is, widely expected to address this politically explosive question.

In January, Mr Feldstein said that during 1981, a bold new economic policy had been put into place that could substantially improve the performance of the American economy in the 1980s and beyond.

It was important, he said, to judge the Administration's economic programme by its long-term consequences and not by its failure to live up to the naive short-term forecasts implied by the extreme supply side theory.

In commenting on Mr Weidenbaum's replacement as CEA chairman, Treasury secretary Donald Regan, who is officially the Administration's chief economic spokesman, has said that "it is exceedingly doubtful" there would be any economic policy changes before November. However, after the November elections, just when Mr Feldstein will have worked himself into his new job, the chance to secure real influence may arise.

New product plan by group in De Lorean bid

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE British consortium which hopes to acquire the De Lorean Motor factory in Belfast from the receivers would introduce a new product to be made alongside the sports cars, Sir Kenneth Cork, one of the joint receivers, said yesterday.

The three-strong consortium has been in urgent talks with a merchant bank about the new product, which would be less susceptible to seasonal demand fluctuations as the cars, he added.

Sir Kenneth spoke at Heathrow before travelling to New York with his partner Mr Paul Shewell for discussions with Mr John De Lorean.

He refused to name the partners in the consortium and gave no details about the new product, which he said would need separate tooling.

"At the outset the workforce would be fairly small. But I would expect it to build up to about 1,500 after two years."

The receivers were expected to tell Mr De Lorean last night that his proposed rescue must remain in the background while the British consortium was still in the running.

Sir Kenneth said in London: "Mr De Lorean now says he has the finance and I want to see the evidence. I estimate he needs about £15m for the UK end of the operations plus between £4m and £5m for the sales organisation in the States."

Most of the 3,000 De Lorean cars which were in stock in the U.S. when the company went into receivership had been sold, "so production could start again soon if the finance is there."

There was a good chance of success if the money was found and if the British consortium could arrange production of the new product.

Meanwhile, Mr John Putt, co-chairman of the De Lorean Suppliers' Consortium, which represents about 200 companies, said a solution for the company's future was still needed urgently.

"The Government should realise that a lot of people's livelihoods are at stake."

At least four mainland companies had gone into receivership because of De Lorean's problems. Many others were awaiting the outcome of the receivers' efforts.

Mr Putt said the De Lorean collapse six months ago put about 6,000 jobs at risk in the UK supplier companies.

"Suppliers realise that if production starts again it will be on a reduced scale and they have made changes to reflect that. But the jobs of 3,000 people must still be at risk. The Suppliers Consortium still believes there can be a viable future for De Lorean Motor—otherwise the receivers would not be making such efforts to keep it going."

County Council Labour leader warns of social security breakdown

Arthur Smith reports on the decline of an area not used to long-term unemployment

West Midlands: REGION IN RECESSION

THE West Midlands may not be able to cope with unemployment and poverty on the present scale, Mr Gordon Morgan, the county council's Labour leader has told the Government.

In a letter to Mr Norman Fowler, Social Services Secretary, he called for action to prevent "the social security system's slide down the slippery slope to a total breakdown."

He argues that staffing levels in social security offices are inadequate to deal with "the massive increase in workload created by the dramatic decline of a once-prosperous area."

Unlike Scotland and Northern Ireland, the Midlands has no experience of long-term unemployment and poverty, he says.

Pressure of work in local social security offices was leading to lower staff morale, higher absenteeism and greater turnover. Officers faced a backlog of work resulting in hardships for those in need of benefit.

Research by the county council suggested nearly 280,000 people were drawing supplementary benefit and were, therefore, on the poverty line according to the Government's definition. At least another 100,000, either through pride or failure to understand the system, were not taking up their entitlements.

The local authority maintains that when families and dependants are added to the 380,000, the total represents a considerable proportion of the country's population of 2.6m.

Mr Les Collins, the West Midlands officer of the National Association of Citizens' Advice Bureaus, says: "There is an absolutely appalling benefits problem. The Department of Health and Social Security just cannot cope. Efficiency is going down dramatically. It is a consequence of being flooded out."

The association, with 50 offices in the region, 1,000 volunteers and up to 150 paid staff, had been swamped by the sudden rise in problems connected with benefits, financial difficulties and bad debt. Five years ago such issues formed a minor part of the workload.

"There has been a massive increase in problems relating to debt. Our Wolverhampton office alone is likely to deal this year with £1m of complicated debts," Mr Collins said.

Such a situation was alien to the West Midlands, he said. "This has always been a region of high employment and high earnings. People here take pride in self-help and their independence. They are reluctant to claim benefits."

Recession had spread through the social scale. "There are pockets of mass unemployment even in the plushest parts of Birmingham," Mr Collins said.

The rise in the number of unemployed executives had been dramatic over the past two and a half years.

"For the high paid executive the shock is traumatic. There is no earnings-related benefit now. The thought of having to claim for supplementary benefit is horrific. The scaling down of expectations is more dramatic for the man with the big house and car, high rates and a mortgage."

Mr Collins does not see any easing of the financial problems of the people of the West Midlands: "It will get worse over the next two years. So far we are only scratching the surface."

Rescued company wins £½m order

BY MARK WEBSTER

WILKINS and Mitchell, the West Midlands power press makers, yesterday announced its first major order since being rescued from the receiver by a U.S. company last month.

The Darlaston-based company will make three 400 ton presses for South Africa as part of a £1.1m order won by the parent company Verson Allsteel Press, based in Chicago.

The order is worth about £500,000 to the British company while the rest of the work will go to Verson's Belgian plant at Charlerol.

Verson bought the assets when the company faced almost certain liquidation and agreed to keep on the remaining 116 workers.

Mr Tim Kelleher, executive vice-president of Verson, said: "This order confirms our belief in the export potential of Wilkins and Mitchell presses."

The South African order has been placed by Vaal Metal Pressings of Boksburg, with delivery scheduled for 1983.

Wilkins and Mitchell was placed in the hands of the receiver after it was bought by the Birmingham-based industrial holding company Centreway Industries which wanted to keep Servis, the company's domestic appliance business.

The receiver had started to make many of the employees redundant when Verson stepped in. The U.S. group had wanted to buy Wilkins and Mitchell since the 1960s.

Recently, the group has been surviving on the minimum of orders and repair and maintenance work. Verson hopes to expand the range of presses Wilkins and Mitchell produces by adding some of its own transfer presses.

Bank of England adds to 'eligibles'

BY WILLIAM HALL, BANKING CORRESPONDENT

THE BANK of England has added 11 banks to its list of institutions whose paper it is prepared to buy during the course of its daily money market operations. Four Japanese and three U.S. banks are among those put on the list. The new banks bring the total number of "eligible" banks, as they are known, to 114.

A little more than a year ago, the Bank of England increased substantially the number of banks whose sterling acceptances are eligible to be rediscounted for cash. The purpose was to expand the supply of eligible bills, which play a key role in the Bank's money market operations under the new system of monetary controls introduced last year.

The Bank of England has now granted eligible status to the following institutions: Banco di Roma, Central Trustee Savings Bank, Harris Trust and Savings Bank, Industrial Bank of Japan, Kyowa Bank, Northern Trust, Taiyo Kobe Bank, Tokai Bank, Trade Development Bank, Wells Fargo Bank and Westdeutsche Landesbank.

Since the change in the rules, the volume of acceptances in the London market has more than doubled, to £12.3bn. The London accepting houses, which traditionally dominated the market have seen their share of the market drop from 35.6 per cent to 24.9 per cent during the last 10 months.

A large part of the growth in the market has been accounted for by the U.S. banks, which have more than trebled their outstanding acceptances, to £2.2bn.

Irish to help victims of IRA bombings in London

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

The Royal Dublin Society is noted for horses and for members happy to wear the society's badge incorporating the English crown. It is therefore in a better position than most to make a gesture in the wake of the Irish Republican Army bombings in London.

The society announced at the Dublin Horse Show last week that the Blues and Royals had accepted its offer to replace the horses killed in the Hyde Park bombing. It also set up a fund for the victims' widows and other dependants.

Yesterday the society said a substantial sum had been paid. It had also received many inquiries about the fund from all parts of Ireland. How much had been raised was not revealed.

The society may not be typically Irish, in style or membership, but the response to the fund suggests a deeper than usual unease in Ireland about the London bombings.

The society's appeal follows a decision by restaurateurs in the resort of Kinsale, Co Cork, to display notices expressing regret over the bombings.

What seems to worry many Irish people is that the bombings, so soon after the row over the Falklands sanctions, may poison relations not just between the governments but between the peoples of the two countries.

Correspondents in Irish newspapers suggest a significant number think Mr Charles Haughey's stance on the Falklands crisis did not take account of the impact on relations with Britain and the effect on tourism and trade.

Even those who support his stance agree there are few substantive differences between the two governments. The society's initiative may help to lessen the emotion which threaten Anglo-Irish relations.

Ireland expels RUC men

BY BRENDAN KEENAN IN DUBLIN

THE IRISH authorities may lodge a protest over an incident south of the border involving four members of the Royal Ulster Constabulary in which, it is alleged, some of the northern policemen drew handguns.

They had been challenged about their identity by a hostile crowd in a ballroom in Castleblaney, County Monaghan, a town about five miles inside the Republic.

The RUC in Belfast said four officers had been suspended pending further investigations.

The RUC men were escorted back to Northern Ireland by Irish police even though, by carrying weapons, they were breaking Irish law. Sources in Dublin said all four were armed.

The incident is viewed with considerable concern by officials in Dublin, especially in view of the current delicate state of Anglo-Irish relations.

Receivers to close 42 Eastern Carpets stores

EASTERN CARPETS stopped trading at its 47 branches yesterday as receivers for the company said all but five of the stores would be closed.

Receivers were called in last week, at the request of the Eastern directors, after the company ran up losses of £1½m.

Mr Anthony Houghton, one of the joint receivers from chartered accountants, Touche Ross, said yesterday that all stores would stop trading for a few days. It was hoped they would reopen towards the end of the week for an unspecified period before closure of 42 branches.

Mr Houghton said 80 of the company's 180 employees would be made redundant, but most of the staff at its headquarters in Watford would be retained for the time being.

The stores to stay open are at Colchester, Portsmouth, Ruislip, Edmonton and Falkirk.

Three people have approached the receivers to buy the reduced-size business.

Mr Houghton said it was too early to say whether the approaches from potential buyers would bear fruit.

Eastern Carpets was set up about 20 years ago, and its Watford operation, from where it supplies retail customers, trades under the name of Anthony Stuart.

Mr Houghton said that people who had paid deposits for carpets would lose their money, unless the carpet had already been wrapped and was ready for despatch.

Mr Aubrey Miller, company chairman, said last week the company made profits of between £100,000 and £200,000 a few years ago. Higher costs and a fall in trade had hit them hard over the last two years.

BL workers vote on leave

EMPLOYEES AT BL's 34 car factories are to vote in the next few weeks on three options for summer holidays.

They are: to defer for one week the two-week summer break, which falls in the last two weeks of July; defer it for one week, add a week from the Christmas break and thus have three weeks' holiday; or leave the arrangements as they are.

BL and local authorities recently met in Oxford to discuss the overlap of the schools' summer term and the summer holiday.

The meeting decided that education and industry would best be served if the holiday was put back one week.

Voluntary unpaid work scheme launched

By Philip Bassett, Labour Correspondent

THE GOVERNMENT launched yesterday a two-year £8m scheme which will provide opportunities for unemployed people to perform unpaid voluntary work for the community.

Under the scheme, which was sharply criticised by unions when it was suggested last year, projects will be concurrent with other Manpower Services Commission (MSC) programmes for the unemployed and, in particular, with the new Community Programme Scheme for the long-term unemployed. Examples are: local community schemes, adult education classes for the unemployed, centres for skill and other training, and contact work between voluntary centres and unemployed people.

Sponsors of particular schemes will apply to the MSC for money. They should make full use of existing resources, particularly premises, but, if necessary, the MSC could meet all approved costs, up to a maximum of £75,000 for any single project.

Payment for the cost of premises must not exceed 60 per cent of total MSC support. Costs of materials and equipment must not exceed £7,500, or £15,000 for a community work project.

Staff taken on to organise the project will be paid a maximum of £89 a week for clerical staff, with higher rates for project supervisors. All staff must be recruited from the ranks of the unemployed. Unemployed people taking part in the schemes will be unpaid, but may claim reimbursement of £5 a week for travel costs.

Recruitment of staff for projects will be organised through existing job centres and employment offices, with priority given to the long-term unemployed.

The MSC believes that the scheme will provide the unemployed with constructive activity which might develop their skills, provide preparation for work and put them in touch with community projects and other voluntary work. Participation will not affect most entitlements to state benefit. There will be no enforced attendance and no set hours.

The scheme drew scathing opposition from trade unions when it was first floated by Mr James Prior, then Employment Secretary, and when it was formally announced last year by the Prime Minister.

However, it now seems to have the approval of the three TUC members of the MSC. It was welcomed yesterday by the main voluntary organisations, which have been closely involved in consultations over the new programme.

ICI to expand U.S. investment

BY RAY DAFTER

IMPERIAL Chemical Industries is investing £32m ($54m) in its U.S. plastic film business in the wake of its decision to postpone a chemicals expansion project in the north-east of England.

The company has also heard that the French Ministry of Industry has authorised its proposed acquisition of Produits Chimiques Ugine Kuhlmann's (PCUK) loss-making dyes and pigments business. The deal, still being negotiated, is thought to be worth about £50m.

The expansion of ICI's overseas activities coincides with its retrenchment policy in the UK. It was learned at the weekend that the company has deferred plans to build a £100m-plus methanol plant on Teesside in the north-east. In addition, ICI is co-operating with BP Chemicals in a reorganisation of the UK chemical industry, which will involve the closure of a low-density polyethylene plant at Wilton on Teesside.

The U.S. investment will involve an increase of about 25 per cent in ICI America's capacity to produce Melinex polyester film, a plastic product used in the packaging, microfilm, reprographic, photographic, computer and video-tape markets.

The expansion, at ICI America's Hopewell site in Virginia, will increase the total production capacity to 42,000 tones a year by early 1984. ICI supplies about a fifth of the 110,000 tonnes of polyester film North America consumes each year.

Melinex film, developed in the UK by ICI, is also manufactured at Dumfries, Scotland, and Rozenburg, the Netherlands. ICI said its strong manufacturing presence in North America had made the company better known there and had thus increased its orders there. This had led to more imports to North America from ICI's European plants.

In France, the Produits Chimiques Ugine Kuhlmann said that negotiations over the sale of its dyes and pigments business was continuing. The company said that the business accounted for about 10 per cent of its FFr 8bn (£673m) annual turnover.

According to the French Industry Ministry, the sale of PCUK's dyes sector to ICI would be the only way in which the activities could survive in France.

If the deal goes through, ICI will become the fourth biggest producer of chemical colourings—after Bayer and Hoechst of West Germany and Ciba-Geigy of Switzerland.

Abbey National's 7-day account on target

BY ROSEMARY BURR

ABBEY NATIONAL'S seven-day account, launched on August 1, has had an enthusiastic response. About £100m has been deposited with Britain's second largest building society in accounts paying 13.57 per cent gross (9.5 per cent net)—half as much again as the equivalent return on a clearing bank account.

Savers in the account will have to give seven days' notice in writing before withdrawing their funds. Bank customers with a deposit account can get their money immediately by foregoing seven days' interest.

Abbey National decided yesterday to continue its controversial scheme in September. From September 1 the return on the seven-day account will be reduced to 8.5 per cent net of basic tax in line with the 1 per cent cut in building societies' basic rate which comes into force on that date.

Abbey National said it may reduce the return on the account further without waiting for another cut in basic rate "if we get too much money in." At present it says it is on target for £100m a week.

It is not clear yet what proportion of the £100m placed in seven-day accounts is simply money from existing customers who have switched their funds from less attractive building society accounts. Abbey National estimates that about 60 per cent of the money is from new customers.

Mr Stewart Legg, National Westminster Bank's planning manager, reacted in a low-key manner. "There is no guarantee on the rate on Abbey National's seven-day account. We will wait and see how it shakes out in the longer term."

Comparing Abbey National's scheme with a bank deposit account, Mr Legg argued," our own deposit account is more flexible, as you can get immediate access to your funds and there is no restriction on the amount of money in a deposit account."

In addition to the seven days' notice, savers with Abbey National will have to maintain a minimum balance of £100. The maximum deposit is £20,000.

Banking Information Service, which represents the clearers said, "a figure of £100m is small so far in relation to over £10bn on deposit accounts at the London clearing banks."

Looking to the longer term, the BIS was less sanguine. "Abbey National's ability to pay depositors a rate which is significantly higher than money market rates underlines the problem than bankers have in competing for personal deposits. This is a matter of increasing concern among bankers and it is a prime reason for Barclay's decision to start opening on Saturday again."

Although the other major building societies initially responded angrily to Abbey National's seven-day account, the Woolwich and Nationwide said yesterday that there was no evidence that they were losing funds to Abbey.

One building society, however, privately voiced the fear that smaller societies, seeing an exodus of investors, might be pushed into following Abbey National. "We are all very vulnerable to someone else doing a short-term offer from September 1," the society admitted.

The Department of National Savings is also clearly worried by the building societies ability to attract funds. The department, which last month launched a monthly savings account, said Abbey National's launch and yesterday's issue from the Alliance Building Society, the first index-linked savings scheme from a building society, put it under added pressure.

The Department is running behind schedule in attracting funds if it is to reach the Government's £3bn target by March 31, 1983. The first quarter of fiscal 1982/83 saw a net inflow of only £368m.

Banks cut mortgage rates

BY OUR BANKING CORRESPONDENT

BARCLAYS BANK and Midland Bank have followed the building societies and the other main clearing banks, and have reduced their home loan rates by 1½ percentage points. The two banks' new rate is 12.5 per cent.

There had been uncertainty, after the building societies decided to cut their rates last week by 1½ percentage points to 12 per cent, that the clearing banks might use that change as an opportunity to bolster their profitability and not match the societies' cut.

Banks have been embarrassed by the demand for mortgage funds, which has grown rapidly in recent months. By not cutting their mortgage rates by the full 1½ percentage points, it was argued, the banks could dispel some of the demand.

However, the banks are conscious that this sort of action would lay them open to criticism from the building societies, which have argued that the banks were only temporarily interested in the mortgage market.

The banks have demonstrated their commitment to the home loan market by matching the societies' reduction in rates.

Railbus contract for Leyland Vehicles

By Mark Webster

LEYLAND VEHICLES (LV) will win the contract to build the first 20 bodies for the BR Railbus, the lightweight railway carriage based on a bus superstructure, it was confirmed yesterday.

But BR said nothing had been decided about subsequent orders, opening the way for competition from hard pressed companies like Metro-Cammell in Birmingham.

The Government will soon announce its approval of the Railbus scheme although progress may be held up by the BR's current acute financial troubles.

Initial investment is in the region of only £6m but the £240m which BR estimates it has lost through strikes has made it hard for the railways to continue with any fresh projects.

Work on the underframe will be done by British Rail Engineering (BREL) which faces closure of its Shildon plant and staffing cuts at Horwich, Swindon and Derby.

BREL said yesterday that it had plenty of spare capacity to cope with any orders for the underframe of the Railbus but could not say yet where the work might go.

The two pre-production units have been constructed as a joint project with Leyland which would make it difficult for BR to change manufacturers at this stage.

But Metro-Cammell said yesterday it was "very interested" in the project and although it had received no approaches from BR it would be making its own inquiries into future manufacture of the Railbus.

The Railbus will be a much lighter carriage than the Diesel Multiple Unit which it will be replacing and will sit on only two axles.

The suspension is a spin off from the Advanced Passenger Train and should guarantee that the new carriages are quieter than road buses.

Labour Party team to meet CBI leaders

BY PETER RIDDELL, POLITICAL EDITOR

THE Labour Party's economic team will meet Confederation of British Industry leaders today to discuss the economic outlook, in a move which is likely to provide further embarrassment for the Government.

The meeting, at the request of Mr Peter Shore, the shadow Chancelor, is intended to find out more about the CBI's view of the state and prospects of the economy, after its gloomy quarterly industrial trends survey on Wednesday.

The CBI was yesterday regarding the meeting as part of its routine contacts with all political parties rather than anything exceptional to do with the economic debate.

The confederation denied it was lining up with Labour since the party's policies on reflation, planning agreements and withdrawal from the EEC would do nothing for British industry.

The Labour team is not primarily aiming to press its own alternative strategy but will instead try to establish the degree of common ground with the CBI, both on Labour's view that the main problem now is lack of demand, and about the necessary measures to put the econmy right.

The principle Labour aim is to take advantage of the controversy about the economy, and recent gloomy forecasts to show that its criticisms of the Governent are shared by industrialists. Ministers have been trying to mount a counter offensive about the CBI's gloomy view.

A meeting between the CBI and an opposition party in these circumstances is noteworthy but not exceptional. Mr Shore and his shadow team have met CBI leaders occasionally, in the past and Sir Terence Beckett the Confederation's director general has attended party backbench meetings.

The Labour team will consist of Mr Shore with Mr Robert Sheldon, and Mr Jack Straw, the CBI side will consist of Sir Terence, Sir Donald MacDougall, the CBI's senior economic adviser, and Mr Charles Burton who is responsible for the intention survey.

Four star petrol retail price rises to 173p per gallon

BY RICHARD JOHNS

FOUR STAR petrol will cost 172p-173p per gallon from today as major oil distributors follow the lead set by Shell last week in announcing an 8p cut in price support for dealers.

Exxon, British Petroleum, Texaco and Mobil all fell into line with Shell. They expressed relief at the prospect of cutting losses and warned of the need for more increases if the industry's refining and marketing operations were to be restored to a modicum of profitability.

Some shadow of doubt continued to rest over Conoco which triggered off seven weeks of warfare at the petrol pump by announcing in June a policy of charging a penny less per gallon on than any competitor in any given locality.

Mr H. K. Bowden, Conoco chairman, confirmed last night that the rate for the company's Jet brand would rise. He was unable to say, however, by how much. He said it would not be a consistent price because both the timing and the amount depended on the market in any particular area.

Clearly Conoco does not want to renounce its image as the market's most aggressive force. Mr Bowden said sales of Jet, which previously had about 5 per cent of the market, had increased. He declined, however, to reveal the extent of the growth.

He said price-cutting had eroded the competitive advantage enjoyed by Conoco's Humber refinery and that his company had suffered with the rest. The industry could not continue indefinitely with such low prices, he said.

Among Conoco's competitors there is a consensus that a price from 174p to 180p a gallon for four-star petrol is required for a small measure of profitability, compared with an average prevailing last week of 163p to 164p with markedly higher rates in the more remote rural areas.

Teacher-training cuts proposed

THE Government is planning to cut the number of English polytechnics and colleges, outside universities, which provide teacher-training by 25 per cent.

Of the 68 institutions involved, 14 may lose all teacher training courses. In two other cases, pairs of colleges fairly close together are planned to merge their courses.

The proposals, announced in London yesterday, follow the Government's decision to change the emphasis of teacher-training from secondary to primary schooling to take account of birth-rate trends.

The school population would fall by more than 1.5m during the ten years to 1985, said Sir Keith Joseph, Secretary for Education and Science. "But the number of children in primary schools will begin to rise again in the mid-1980s.

"The logic of the situation impels us to treble the number of newly trained primary teachers and to cut by about one-third the number of new secondary teachers," he said.

Removal of teachers' courses is planned at the Polytechnics of Huddersfield, Leicester, north east and north London, north Staffordshire, Teesside, and Thames, and at another seven institutions.

The Government's plan was swiftly denounced as "stupid" and against the national interest by the National Union of Teachers.

Sweets factory in Liverpool faces closure

By James McDonald

BARKER & DOBSON, the confectionery manufacturer and retailer, is to close its Liverpool sweets factory, which employs nearly 370 people, by about the end of the year. The company hopes to be able to employ between 100 and 150 of the workers at one of its other two factories, at Bury or Nelson.

The decision to close the Liverpool factory follows the company's announcement in June that it was to close down its unprofitable Irish confectionery manufacturing subsidiary in Dublin, Lemon and Co. with the loss of more than 100 jobs.

The news yesterday was not unexpected. The company's Board stated in June that it had begun a rationalisation of manufacturing capacity to maintain profitability of the group.

Employees in Liverpool were told yesterday that Barker & Dobson was unable to sell its confectionery profitably, and keep its current manufacturing capacity, and that Liverpool production could be made up by the Bury and Nelson factories.

Banned drug helps skin disease cases

OPREN, the drug developed *for arthritis* but banned because of serious side effects, may be effective against psoriasis, a skin disease affecting nearly 2m in Britain.

The case of a man whose psoriasis disappeared while he was taking Opren for arthritis prompted consultant Dr Roger Allen to give it to 14 patients at the dermatology unit of Nottingham University teaching hospital.

Some improved within 24 hours. Others failed to benefit and one dropped out of the trial because of gastro-intestinal side effects.

Dr Allen, who has stopped further trials but is continuing to give Opren to three "very bad cases" under strict control, is writing to the Committee for Safety in Medicine asking them to take his results into consideration when deciding the future of the drug.

Banks to examine Channel link

MIDLAND BANK and National Westminster Bank have joined with Banque Indosuez, Banque Nationale de Paris and Credit Lyonnais to form the Franco-British Channel Link Financing Group. It will include members of the five banks' project finance teams and will examine funding of proposals for a fixed channel link.

Heavy truck sales show no signs of recovery

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HEAVY-TRUCK sales show no real signs of recovery so far this year. Registrations for the first seven months remained at about the level for 1981 when they dropped to the lowest for more than 40 years.

Leyland Vehicles, the BL subsidiary, however, seems to be recovering from the strike at the start of this year. Its July sales improved slightly from last year's level, from 465 to 495.

The company has much ground to make up because its sales after seven months of 1982 remained nearly 22 per cent down on the 1981 level, at 3,248 compared with 4,130.

According to Society of Motor Manufacturers and Traders' figures, in the January-July period 25,374 trucks and artics of over 3.5 tonne gross weight were registered, compared with 25,304 in the corresponding months last year. For July alone sales were down slightly, from 2,790 to 2,602.

Commercial vehicle sales as a whole in the seven months improved by 4.76 per cent, to 129,774, because of increased demand for lighter vehicles.

In particular, registrations of medium and heavy vans rose by more than 9 per cent, to 59,566, in the seven months. However, in July alone they fell back sharply, compared with the corresponding month in 1981, from 6,766 to 4,969, as a major Ford campaign for the Transit came to an end.

Light van registrations were up by 5.74 per cent in the seven months, from 34,645 to 36,637. The improvement continued in July when sales were 3,528 compared with 3,062 for the corresponding month of 1981.

Bus and coach registrations continue to give makers cause for concern. At the end of seven months they were down by more than 14 per cent to 2,641. Again, there was no sign of recovery in July.

Falling pound feeds familiar inflation fears

Max Wilkinson looks at the possible effects of a strong dollar on raw materials costs

WHEN sterling last fell below $1.70, in September 1976, there was anxiety about the inflationary consequences—and with reason. The annual inflation rate which had been falling from an unprecedented 26 per cent a year earlier, started to rise again to peak at more than 17 per cent by the following spring.

There are again anxieties that a falling pound could make imports of raw materials and oil more expensive and wipe out some of the recent progress against inflation.

For the Government, this would be an unfortunate re-run of last summer's events when sterling's effective exchange rate fell nearly 14 per cent from its level at the beginning of the year and the Bank of England was forced to raise interest rates sharply to defend the pound.

This combination of higher interest rates and a weaker currency fed through to prices, so that the annual inflation rate began to creep up last autumn before stabilising at 12 per cent at the turn of the year and then falling again.

However, the main difference between the currency movements of this year and those of last year is that the basic cause is strength of the dollar buoyed up by U.S. interest rates rather than weakness of the pound.

Sterling's weakness against the dollar has been matched by a firmness against European currencies with the result that its Bank of England trade-weighted index against a basket of currencies has remained remarkably stable at somewhere around 90 to 91.5 since the beginning of the year.

In estimating the future impact of the pound's value on inflation, it is the effective rate which matters because it is calculated to reflect the pattern of Britain's trade in manufactured goods and raw materials.

However, the price of most imported raw materials and of oil are quoted in dollars, so that any substantial weakening of sterling against the dollar could be expected to make industry's supplies more expensive.

This effect is unlikely to be as serious as in the days when Britain was the workshop of the world, converting huge quantities of primary commodities into manufactured exports.

Now, only a third of Britain's visible imports are of raw materials, compared with two-thirds manufactured goods.

Raw materials imports represent only about 9 per cent of total national output, so that a rise in the sterling price of these imports would have only a limited direct effect on retail prices.

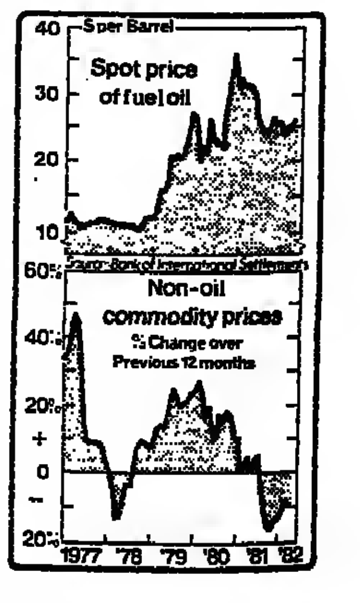
Moreover, a rise in the value of the dollar worldwide affects all the industrialised countries. When they all find the price of raw materials rising against them, demand will tend to fall. Prices are bid down again to a lower level in dollar terms, but perhaps much the same level as before in terms of the currencies of the importing nations.

One other reason that the UK can afford to be relatively relaxed about the inflationary effect of the recent rise of the dollar is that commodity prices have been falling steadily and are now at a low ebb.

The latest International Monetary Fund index for the dollar-price of commodities, excluding oil, shows a 3 per cent fall between May and June.

As a result of the worldwide recession following the 1979 oil shock and of the prolonged weakness of U.S. demand, commodity prices have been falling for almost two years.

The UK is insulated to some extent from the effect that a high dollar has in raising the sterling price of oil. This is because a parallel effect is to raise in sterling terms the Government's tax revenue from the North Sea.



The more worrying aspect of the present trend of currency movements is that it is in the opposite direction to that which would benefit exporters. They have long wanted a pound which is strong against the dollar but weaker against the continental currencies, particularly the D-Mark.

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Tebbit seeks even lower pay offers this round

BY PHILIP BASSETT, LABOUR CORRESPONDENT

MR NORMAN TEBBIT, Employment Secretary, yesterday reaffirmed government pressure for low wage settlements in the new pay round by restating the "crucial and unbreakable link" between pay and jobs.

The Government has reason to be pleased with settlements in the pay round just concluded, particularly in the private sector, but ministers are now following the Chancellor's lead in seeking even lower settlements this year.

Mr Tebbit, speaking to the Scottish Engineering Employers in Glasgow, said "The new pay round has started. Let us hope it will not be the round in which negotiators knock out their members' firms by daft claims."

Negotiators were thinking about how much to claim and how much to offer. In what may be a reference to the engineering industry claim, he said, "Some unions are looking for a substantial rise. I hope their expectations are not too high."

Mr Tebbit said that most workers were realistic enough to see the link between their own pay and their own job and knew that a smaller increase now could help to avoid unemployment later.

He went further, by stressing links between pay and jobs in different industries and sectors. "Pay increases for any one group of workers affect job prospects not only for that group but also for other groups. Moderate pay settlements promote not only workers' own interests but also the interests of others."

Speaking after an earlier visit to a motor trade training centre in Glasgow, Mr Tebbit said he did not expect unemployment figures to drop significantly over the next 18 months.

He was prepared to fight the next election with unemployment still a major issue. The answer to unemployment lay in "higher productivity, lower industrial costs and wider product markets."

He jovially rebutted suggestions that he was one of the most unpopular ministers, and claimed that the Government's current Employment Bill was a popular measure, attracting the opposition of only a fringe group of union leaders.

Coal Board warns on sales 'risk'

By Brian Groom, Labour Staff

THREATS OF industrial action by the National Union of Mineworkers are jeopardising the sale of 6m tonnes of coal, the National Coal Board said yesterday.

The NCB believes it could sell this amount by about 1985 to industrialists who were thinking of switching to coal from dearer gas and oil. The sale could go ahead if they were convinced of secure supplies at reasonable prices.

The warning to Britain's 211,000 miners, is in the industry's newspaper Coal News. It is a clear attempt to undermine support for industrial action as the autumn wage round approaches.

Mr Arthur Scargill, NUM president, has threatened national industrial action over pay and closures. The NUM opposes all pit closures except where coal reserves are exhausted.

The NCB says the 6m tonnes at risk is equivalent to a year's output of about 12,000 workers. It believes this business is needed to safeguard the size of the industry and to prevent additions to colliery stocks, already at record levels.

halved in 1981.

Two-thirds of the NCB's 120m tonnes of annual sales go to electricity generation, which presents limited prospects for expansion.

Sales to industry, although much smaller, are one of the few sectors in which the board sees early opportunities for growth.

The board says it has convinced companies of the case for conversion to coal—which is about two-thirds the price of oil.

Mr Donald Davies, the board's member for marketing, writes in Coal News that these potential customers are worried when they hear through the media of NUM resolutions referring repeatedly to industrial action.

"It takes customers from two-to-five years, from making decisions and doing design work, to get new plant burning coal. Companies are clearly not rushing to tur nto coal but we have a real chance of increasing the coal burn in the next few years—providing we do not lose their confidence."

Incentives include government grants of up to 25 per cent for conversion, and the prospect of cheap EEC loans being available shortly.

Mr Scargill returns from holiday in Cuba this weekend, when his approximate six-week deadline for possible industrial action passes. The threat is over the suspension of production at Snowdown colliery in Kent.

Water unions against local deals

BY OUR LABOUR CORRESPONDENT

WATER INDUSTRY unions yesterday said the Government's proposals to abolish national collective bargaining in the industry were not directed at improving efficiency but at disrupting the unions' bargaining ability and strength.

In statements lodged yesterday with the TUC, which will pass them to the Government, the water unions complained of the lack of trade union consultation and agreement on the Government's surprise proposals.

Mr Eddie Newall, trade union-side secretary of the industry's joint national industrial council, representing 70,000 workers and staff, said: "It is the trade union side's view that this is an utterly irresponsible approach on the part of the Government and a recipe for chaos."

Mr Newall said "the proposals have little to do with improving arrangements and are directed at disrupting the bargaining ability of the trade unions at national level."

The unions said the proposals, far from improving industrial relations in what was already a volatile situation, would exacerbate matters seriously.

The Government is clearly concerned at the level of monopoly union power in the public utilities. It is considering proposals aimed at what Employment Department officials call protecting the community from the abuse of such powers.

Move to left likely in Aslef

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEFT-WINGERS in the Associated Society of Locomotive Engineers and Firemen seem set to increase their influence within the union after a reconstruction of its executive committee which has seen the disappearance of one of its area-based seats.

The nine places on the executive are being reduced to eight in line with an Aslef delegate conference decision to reduce the number of the union's full-time district secretaries.

Accordingly, the union's Manchester and north-west executive seats are being merged. An election for the merged seat was won by Mr Terry Clarke, a moderate, the current holder of the Manchester seat.

His opponent, Mr Les Johnson, holder of the north-west seat, will become full-time district secretary for the area at the beginning of next year. Until then he will stay on the executive committee.

The union areas bordering the merged seat have taken up portions of its geographical area.

Elections are now taking place for the northern and London Transport executive seats. The northern seat was held by former president Mr Bill Ronksley before he was elected full-time officer for the area. The London Transport election arises from the death in office of Mr Ted Miles.

The changes mean that the new eight-man executive is roughly divided 3—3 between left-wingers and moderates, though both terms in Aslef circles are relative, because the moderates in the union tend to be at least as tough as many left-wingers in other unions.

However, if as seems likely, the two seats up for election are won by the left, they will have an in-built majority on the executive based upon larger geographical areas.

● The left-led Furniture, Timber and Allied Trades' Union is also restructuring its governing general executive committee.

The 77,000-strong union is reducing the number of its executive seats from 27 to 19.

The number of the union's electoral districts will be reduced from 18 to 14, and the number of district organisers from 39 to 32.

GMWU chiefs back boilermakers merger

BY OUR LABOUR STAFF

PROPOSALS for a merger between the General and Municipal Workers' Union and the Boilermakers' Society were agreed yesterday by the GMWU executive council.

Similar proposals have already been agreed by the Boilermakers' executive. Now the union plans to ballot their members on the terms of the proposed amalgamation, which is subject to legal scrutiny.

The readiness of both union executives for a merger has been conveyed to the Certification Officer, who will oversee arrangements for the ballot on the transfer of engagements — movement of membership—between the two unions.

Membership of the GMWU would rise to almost 1m if the merger went ahead. This would rival the Amalgamated Union of Engineering Workers for second place in trade union size to the Transport and General Workers' Union.

The moderate Boilermakers has about 120,000 members, and the politically similar GMWU about 860,000.

The Boilermakers would form a large industrial group, in the merged union, with its current shipbuilding members, although with a special craft emphasis.

All eight members of the Boilermakers' governing executive would join the GMWU executive, to bring the size of the new committee to 38.

Mr David Basnett, GMWU general secretary, said yesterday: "This agreement on amalgamation, when ratified by the membership, will lead to the creation of a major new union capable of representing all grades of workers in a powerful force in both private and public sectors.

"Today we took an important step towards establishing a union for the 21st century."

Licensing proposed for private security industry

BY OUR LABOUR STAFF

LICENSING to control the expansion of the private security industry is proposed today by the independent Low Pay Unit as a cure for low standards of service and exploitation of the workforce.

Mr Simon Crine, research officer, says in a study that "the underside of the industry is characterised by anarchic cost-cutting through extremely low rates of pay."

The largest companies set their minimum pay and conditions by negotiation with unions, mainly the General and Municipal Workers Union, but most employers do not. Mr Crine says. They were afraid to improve wages in case they lost price competitiveness.

Licensing—so far rejected by the Government—would aim to set minimum recruitment standards, eliminating the employment of people with serious criminal records. It would develop a training course.

Mr Crine advocates a national agreement between employers and unions. The licensing system would require adherence to the minimum rates of pay and conditions which it fixed.

Low Pay Review No 10, July 1982; LPU, 9, Poland Street, W1V 3DG; 85p.

Midland Bank fight

BY OUR LABOUR STAFF

THE BANKING, Insurance and Finance Union yesterday began a campaign of non-co-operation with the closure of Midland Bank's registrar's department in Sheffield.

The campaign will not bite, however, until the bank tries to withdraw the share registers of customer companies from the department.

Midland said alternative arrangements had been made for 78 of the 106 staff whose jobs are threatened. It has refused to guarantee continued employment, but says it will make every effort to redeploy staff in the 12 months before closure is completed.

So far 57 new job opportunities have been identified, and 21 of the staff have indicated they are prepared to consider voluntary early retirement.

THE ARTS

Van de Veldes/Maritime Museum

David Piper

It is a most agreeable excursion, on a fine summer's day, even without a specific aim in view, to get into a river boat at Westminster or the Tower, and be steered downstream to Greenwich. The voyage maybe awakes melancholic echoes, for it passes through what were once great docks of what was once, a mere 20 years ago or so, the greatest port in the world. The river banks are now forlorn, with weeds and abandoned warehouses. The water, once live with sea-going traffic, hears scarcely anything other than the toy pleasure boats such as that on which you ride.

It is, though, not unpleasant to think upon transiency (though fair weather is advisable), while when you dock at Greenwich, you disembark immediately to the prospect of the Cutty Sark; to the splendours of Wren, Hawksmoor, Vanbrugh; and to the live history of maritime England displayed in the National Maritime Museum. And there, until December, your special aim can be the exhibition, The Art of William Van de Veldes, arranged in the elegant rooms of Inigo Jones's the Queen's House.

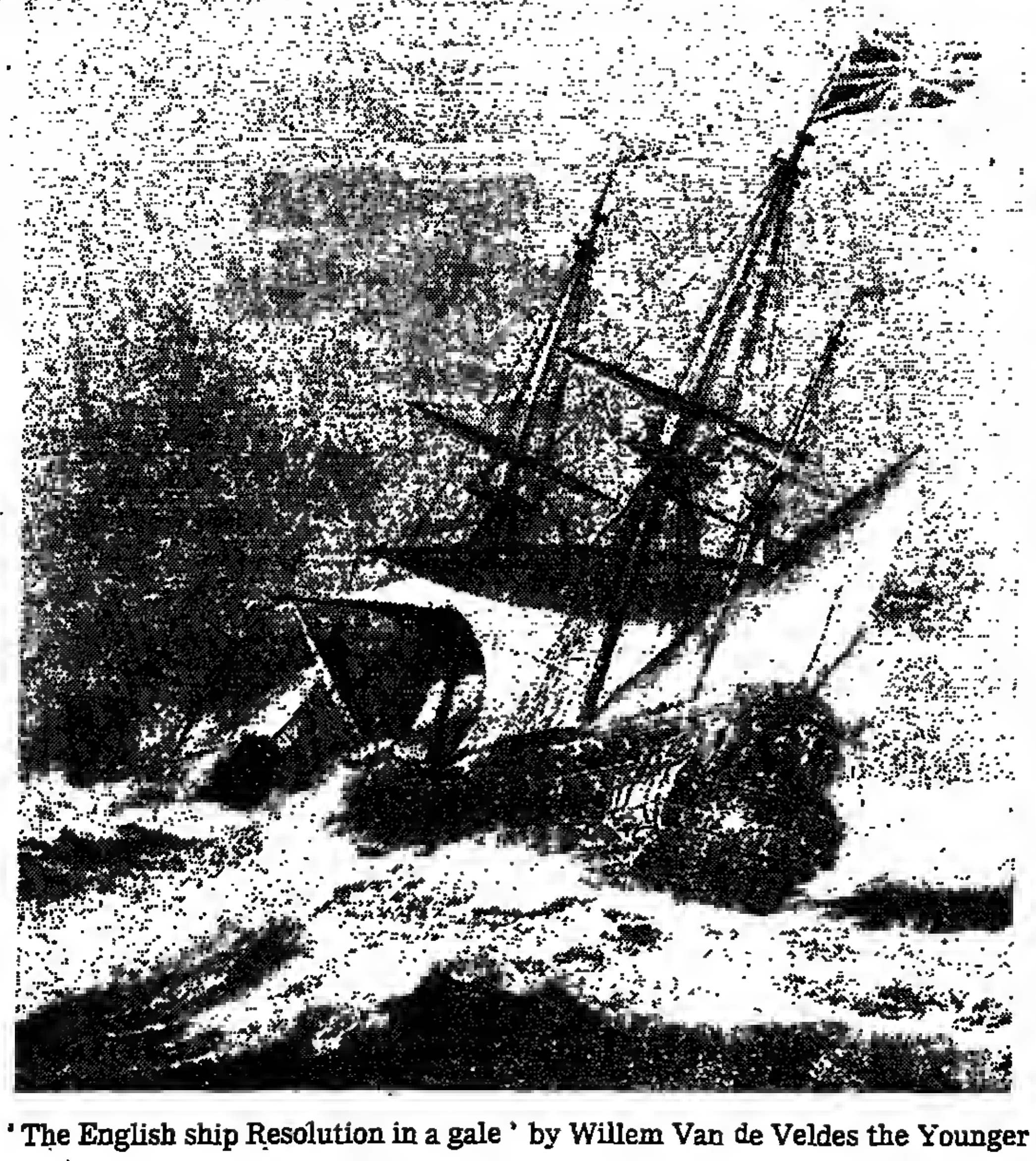
More than one strain in painting in which the British have excelled particularly derives in fact directly from foreign immigrants—the very different brands of portraiture begotten by Holbein on the one hand and Van Dyck on the other on English stock, for example. The Van de Veldes no less begat English maritime painting. Even the young Turner felt he must match them in their own idiom before he could evolve his own apocalyptic vision of the sea, while, as this exhibition perhaps unexpectedly shows, Constable too acknowledged a debt to them. There is a drawing by William the Younger of a swarm of sails tumbled like slightly dishevelled butterflies across a bay; there is a drawing by Constable, in very much the same delicate key of pale grey wash of shipping in the Thames, that one could well be forgiven for thinking had been breathed on to the paper 150 years earlier by the Dutchman.

For the Van de Veldes were Dutch, as Holbein was German-Swiss and Van Dyck was Flemish — but, like them, the Van de Veldes sold their art where they found the best market. When it came to patriotic sentiment indeed, the Van de Veldes can fairly be described as mercenaries. Official war-artists for de Ruyter in the Anglo-Dutch wars, they switched sides almost half way through a battle. In June 1672 Father Wellem was out with the Dutch fleet at Solebay: 12 months later he was sailing with tha English fleet to the two battles of Schooneveld, recording the action from a ketch. From 1673 on, father and son were based in England, first at Greenwich, then at Westminster, and both are buried at St James's, Piccadilly.

The dividing line that separates the work of the two is not always easy to distinguish, even with the aid of the discerning arrangement provided in this show. Willem the Elder's most easily identifiable work is those large grisailles battle-pieces, paintings in fact, but giving the impression of enormous line-engravings. These be put together diligently in the studio from the drawings made on the spot in his ketch — in the crowded yet stately mayhem and gun-smoke of his recording of the battle of Scheveningen (1653) there he is, in his tall hat, placidly getting the facts down on paper, maybe not actually in the thick of battle, but much too close to it for normal comfort.

These battle-pieces are, however mostly rooted in earlier Dutch traditions, and when compared with the best work of the son, whether in drawing or in oils, seem relatively stiff and regulated by the conventions of the studio. And yet it was Willem the Elder who was, it seems, the one who went into battle, while his son was more likely to stay at home in the studio. A painting by Van Musscher, convincingly identified as a portrait of Willem II, shows him sitting at his easel in an orderly Dutch interior, apparently working up a sea-piece from drawings before him on the floor, which, the catalogue suggests no less convincingly, might well be on-the-spot drawings made by his father.

When certain subjects are concerned, the drawings of father and son are very close. The English always loved portraits, a passion extended to likenesses of their horses, houses—and, no less, their ships. The portraits of the great galleons, the intricately carved and gilded detail of their



'The English ship Resolution in a gale' by Willem Van de Veldes the Younger

pompous poops, the exact detail of their riggin, were recorded by the Van de Veldes in inventorial if superbly skilful prose. It is when the scene opens out into the shifting weather of the sea, that the feeling—incomparable at its best—of the younger artist is conveyed with a fresh immediacy that can take the viewer's breath away. The response of waves to wind, of hull and sail to that motion, make almost audible the creak of timbers and the strain of sail and rope. To my mind, the great sea-battle set-pieces are not the most moving, rightly famous as *tours-de-force* though they be. They are all pomp and glory; the smoke of the broadsides, the swell of sail, the shatter of rigging seem remote from the reality of war. Though tiny people spill into the water and no doubt death, the human drama is not felt.

Give me rather, the sea in its calm. There are paintings by Willem the Younger which, no less aptly than any by those two great Dutch masters of calm water echoing calm sky, Cuyp and Van de Vappelle, embody that mood which Wordsworth was to capture in a "holy time quiet as a nun, Breathless with adoration."

Tha exhibition has a coda, which, as indicated, carries the story on to Constable and beyond, including representations of the work of Van de Velde's gifted followers, Scott and Monamy notably, though most telling of all, that short-lived genius, Charles Brooking. The selection relies on the Museum's own great holdings, especially of drawings, strengthened by relatively few but telling loans from outside.

The catalogue is very welcome, generously illustrated, with due acknowledgements to the doyen of all Van de Velde scholars, Michael Robinson. Many years retired now from the service of the Museum, he is said still to be sailing his own small boat between England and Holland in pursuit of his quarry. His monumental catalogue of the drawings is done, but it is to be hoped that this select exhibition catalogue will not suggest to him that his full catalogue of the paintings, long promised, is any less urgently required.

The 1982 Salzburg Festival

Ronald Crichton, who first went to Salzburg 50 years ago, has fond memories and mixed feelings

Salzburg has grown inoffensively at the edges but the centre has changed surprisingly little since I first went there, 50 years ago. It may be tidier and brighter now, and this year the long range of post-war buildings housing the large and small Festspielhaus and the Rocky Riding School look less unsuitably forbidding under a coat of fresh paint.

In 1932 I heard Bruno Walter conduct Gluck's *Orpheus* with Sigrid Onegin, and Weber's *Oberon* with Maria Müller and the tenor Roswaenge. Clemens Krauss was in charge of *Figaro* and *Rosenkavalier* (in Alfred Roller's settings, with Krauss's wife, Viorica Ursuleac, as the Marschallin and the original, still lusty, Ochs of Richard Mayr). There was a Busch-Ebert *Entführung*. Memories have been stimulated by Josef Kaut's recently published *Die Salzburger Festspiele 1920/1981*—a useful book of commentary and pictures (the latter unfortunately confined to the post-war years) with casts and concert programmes for the whole period.

I would gladly have swapped those programmes for this year's, though the latter included a new *Fidelio* and a new *Così fan tutte*—both operas also given in 1932, incidentally, though not seen by me, *Fidelio* being conducted by Richard Strauss, with Lotte Lehmann as the heroine. I might have enjoyed that better than the new staging by the veteran Leopold Lindtberg with Maazel, the new head of the Vienna Opera, at the conductor's desk. Lindtberg does not thump home the message in the strident way we have seen in Britain lately. Sylta Busse's costumes are not undated, but Hans Ulrich Schmückle's clumsy great set has a bombarded look, with cracked stone, outsize barbed wire (18th century pattern?) and a pathetic little gallows hacked down at the end. The vastly elongated Grosses Festspielhaus stage offers little advantage to this opera, and Lindtberg offers nothing positive in the place of "contemporary relevance."

At the second performance Maazel's conducting was forceful, dry, choppy. Those adjectivea must apply as well to *Leonora No 3*, shoved in the old way between the scenes of Act 2. Have conductors as well as producers lost touch with *Fidelio*? The only time in the evening one felt absolutely convinced that the Vienna Philharmonic were in the pit waa in the grave-digging duet, when the Beethovenian groundswell took over and the voice of Rocco (Aage Haugland) matched the deep orchestral colours. And from that point the Leonora of the Hungarian soprano Eva Marton found her form. In the first Act Miss Marton was strong but hard of voice and stony of feature.

The Florestan, the East German Reiner Goldberg, recently heard at Covent Garden, has a warmth and vibrancy rare among today's heroic tenors, but the performance never came fully into focus. Theo Adam's powerful Pizarro resembled a twisted bar of iron. In effective contrast to the youthful-looking, glib Don Fernando of Tom Krause. Having failed to make anything of Marzelline (Lillian Watson) or Jaquino (Gösta Winbergh) in the first act, Lindtberg drew all eyes to them at the end of the opera, allowing Leonora a long, affectionate farewell of the girl and Jaquino a prolonged bout of sulks. Voice apart, Haugland's Rocco was uninteresting.

No mistaking the orchestra Muti was conducting in *Così* the next evening in the Kleines Festspielhaus—here were the Vienna Philharmonic at their best—silken, sensuous, not self-indulgent. The score was shot through with the Southern languor commonly attributed to this opera but not always achieved, laced with pre-echoes of Romanticism — a sudden summer breeze, for instance, from Mendelssohn's wood near Athens. Languor however did not devitalise agile tempi. Muti matched the approach of the producer, Michael Hampe, Intendant of the Cologne Opera.

An empty, grey-white stage to start with, then curtain down for the overture, rising to reveal a simple, beautifully executed three-arch set for the quayside café and a succession of equally elegant, finely detailed architectural compositions unmistakably but not too insistently Neapolitan, as symmetrical as the action. Nothing from the producer or designer (Mauro Pagano) was merely decorative, however much the eye was ravished. Everything served, even the wine and purse put down by Alfonso for the wager.

The blend of the six voices was so smooth that one almost failed to notice that individuals were not physically sharply characterised. Dorabella (Agnes Baltsa) and Ferrando (Francisco Araiza) were livelier than the rather solemn Fiordiligi (Margaret Marshall) and Guglielmo (James Morris). Miss Marshall had a touch of Thatcher in her features — firm as a rock! José van Dam's Alfonso was a bonus. So was Kathleen Battle's warm-voiced, never squeaky or pert Despina. No-one would have guessed that she had sung two big arias at the Mozart-matinée that morning.

I find it essential at Salzburg to get away once or twica from the expensive feel of the Festspielhaus area. Unfortunately the charming Mozarteum, the obvious refuge, is catching up. Nearly £17 for a morning concert, even with Ingrid Haebler's very sound performance of the D minor piano concerto as well as Miss Battle is quite a lot. At the even more delightful Landestheater, Otto Schenk follows his successful *Der Talisman* with another Nestroy farce, *Der Zerrissene*, not only producing but acting a leading role alongside the Nestroy specialist Helmut Lohner and another doughty comedian, Fritz Muliar. My excuse for trespassing in dramatic pastures is that the piece was given with the original music by Adolf Müller and that by inviting Offenbach to Vienna, Nestroy virtually created the Viennese operetta school.

Buxton Festival

Arthur Jacobs

The way that the Buxton Festival has built itself into a cheerful, participatory event as well as one of artistic importance was well displayed in its closing hours on Sunday night. At the Opera House, British singers and instrumentalists plus Hungarian dancers were performing Kodaly's *The Spinning Room*, with a BBC recording van in attendance. Outside in the square, Morris dancers preluded the performance and in the interval the local brass band was playing. Afterwards the drizzling rain could not dowse the enthusiasm of the torch-light processions in which both the Morris dancers and the bands reappeared to greet the emerging patrons of the festival performance.

After the earlier, spectacular staging of Kodaly's *Hary Janos* which provided the great success of this year's festival, *The Spinning Room* itself was something of a disappointment in what was optimistically promised as a "British operatic premier," in an English translation by Elisabeth Lockwood. Operatic it was not. The instrumentalists of the Manchester Camerata occupied most of the stage, and the Sheffield Philharmonic Chorus stood in rows at the back, their sounds insufficiently powerful against the orchestra. In one small corner area to the right of the conductor (Anthony Hose), the four costumed principal figures appeared, with five male Hungarian folk-dancers making their passage round them. Kodaly's little opera, some 80 minutes long and full of delightful folk music arrangements, deserves either proper staging or a careful concert presentation.

In such restrictive circumstances it was particularly awkward to load one singer with two parts quite separate in the score—the woman whose lover has fled with the police on his heels, and the neighbour who comes with her fellow-villagers to offer songs and dances during the man's absence. Linda Ormiston did splendidly in attempting this impossible task, with clear, expressive words and appropriate actions to match her richness of musical tone.

Even more of a novelty, indeed a first performance of an unexpected kind was *Nightingale* by Charles Strouse. The composer of *Annie* has written (both words and music) a work for child audiences which is a genuine opera, not a musical: it does not depend on amplified voices or on a relentless beat, or on the repetition of obviously catchy tunes. Harmonically it is quite inventive, especially the beginning of the second of two short acts. But the cast of adults and local children were wisely chosen not for operatic reasons (voice plus whatever else you can get) but also for acting and dancing ability and for being the right shape and size.

Sarah Brightman (late of Pan's People and, more recently, *Cats*) was in all ways a most attractive nightingale, showing no sign of strain in mounting to a high D, only a semitone short of Joan Sutherland's favoured top note. The mechanical bird as sung by Robyn Alexander and delightfully costumed by Claire Lyth provided a richly comic touch. Dwarfed by imperial guards, Linda Kitchen was an appealling maidservant and Peter Knapp contributed an Emperor correctly free of caricature.

News of My Own/ICA

Andrew Clements

One of the characteristics of the MusICA series, and one of their most valuable strengths, is fidelity—to individual composers and to compositional styles. Some of the young composers who have studied in Cologne with Mauricio Kagel, especially Gerald Barry and Kevin Volans, have become regular features in MusICA seasons and Sunday evening's concert brought another from the same stable. The programme, called "News of my Own," was given over entirely to the work of one C. Newman, born in 1958, who studied first at King's College, London, before going to Cologne in 1979.

Typical also of MusICA's approach to programme building that a practically unknown figure should be allowed a whole evening in which to display his talents, with no expense spared. On this occasion the ambition entirely justified itself, for heard in isolation no one of the four works performed would have given complete perspective on this quirkily talented young man. The first piece, *Sad Secrets*, for voice and piano, might have been the least informative. It is a strange, manic songcycle of some 13 numbers, sung by the composer in a cracked baritone to banal accompaniments. The idiom seems to look towards a kind of "salon punk," sometimes hysterically funny, sometimes angry, excessive.

Sad Secrets could have been the product of a precocious, naughty teenager; the string quartet of 1981, a seamless flow of melody with a haunting Schubertian modulation each time round, revealed something more individual and weirdly poetic. The two music-theatre works naturally showed some influence of Newman's teacher; but Kagel's influence was never oppressive and in *Novelle* — a crackpot epic in which the Young Hero relates his travels and sings some rudimentary songs to a violin accompaniment —the flavour was peculiarly English. A slide presentation throughout *Novelle* demonstrated a fondness of punning between sound and vision, something which a video in the foyer unappealingly entitled *Bodily Functions*, carried further.

Allen Eager & Jon Eardley/The Canteen

Kevin Henriques

Almost inevitably, tenor-saxist Allen Eager and trumpeter Jon Eardley are next-door neighbours in Leonard Feather's *Encyclopedia of Jazz*. Their closeness does not end there for both were born within two years of each other, both (unsurprisingly) came to eminence in the be-bop era and both have been out of the forefront of the jazz scene for some years now.

Their handful of fortuitous appearances together at The Canteen a few months ago sparked the astute and potentially stimulating idea of bringing them together for a longer period. This duly began last week and continues until August 28. It would be felicitous to report that the result is an *unqualified* triumph but, truth to tell, their three sets last Friday were undistinguished.

Eager is a tenorist from the Lester Young school but on this occasion showed little of that master's lithe swing and ability to weave and sustain a logical, melodic pattern around familiar standards.

Eardley, playing flugel-horn on Friday, lacks a distinctive sound on this instrument but compensates with agile, somewhat nervous phrases which strike a needed balance with Eager's less exciting style.

Much of the reason for the disappointing evening was the hackneyed, all too predictabla formula of most of the tunes. Generally solos were taken in the same order, were of the same length and most times numbers were rounded off with the front line exchanging breaks with the drummer.

A little more imagination in presentation would have transformed the evening, especially as the accompanying British rhythm section, led by pianist Ted Beament, was in bristling form with the leader the most inventive and stirring musician on the stand. Bassist Phil Bates enlivened some of the routines with some bowed solos and 18-year-old drummer Steve Arguelles acquitted himself admirably in such experienced company.

Obituary/Allan Gwynne-Jones

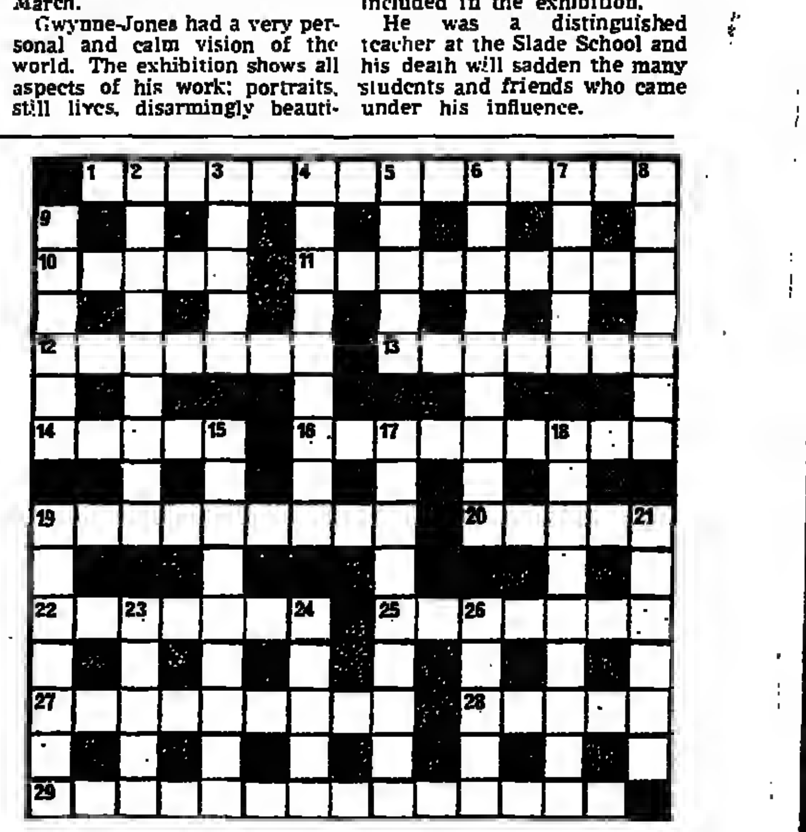
Colin Amery

Allan Gwynne-Jones, RA the distinguished painter, died on August 5 at the age of 90. Earlier in the same week a large retrospective exhibition of his paintings, drawings and etchings opened at the Glynn Vivian Art Gallery and Museum in Swansea. This carefully selected exhibition will be on view in Swansea until September 4, then tours to Llandudno, The Ashmolean Museum, Oxford, the National Museum of Wales, Cardiff, ending at the Royal Academy in London next March.

Gwynne-Jones had a very personal and calm vision of the world. The exhibition shows all aspects of his work: portraits, still lives, disarmingly beautiful flower pieces and landscapes. He was also a fine craftsman and a selection of gilded china, illuminated manuscripts and painted objects are included in the exhibition.

He was a distinguished teacher at the Slade School and his death will sadden the many students and friends who came under his influence.

F.T. CROSSWORD PUZZLE No. 4,945



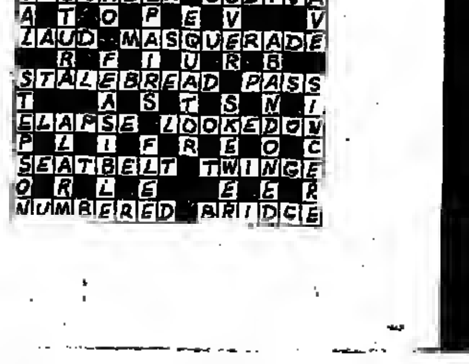
ACROSS

1 Old space probe—a subject of Coleridge (7, 7)
10 Sulk with a learner, but blossom a bit? (5)
11 A male line formed in a battle scene (2, 7)
12 House of the lowar classes? (7)
13 Former British Prime Minister with not so much that's uncontrolled (7)
14 Awaken us with eggs around (5)
16 Support from beneath, subject to the control of proprietor (9)
19 One who is opposed to referring to a dowry is curative (9)
20 Friend from the south-east providing cover for 10 (5)
22 One tram converted into a pick-up (4, 3)
25 I'm out-of-date and totally in deadlock (7)
27 Harsh American obtained or acquired dishonestly (3-6)
28 Old queen of modern Yemen (5)
29 Soldier sat free—for public display (7, 7)

DOWN

2 Catch a horse for a fee after deductions (3, 6)
3 Logo I designed for an ice house? (5)
4 Requires wine juice, of necessity (5, 4)
5 Everything I own is wood (5)
6 Bring up minors to the back (9)
7 Northern fist turning up in the evening (5)
8 Calls a group of people over a drink (5, 2)
9 Room right for packing (6)
15 Strive in an attempt (9)
17 Everything I dance about is trifling (9)
18 Take back soldiers and constables on ship (9)
19 Two articles split by the left in parliament (7)
21 Sideways drift giving room for free movement (6)
23 Yarn used in many long-johns (5)
24 Bumped into a learner on the surfaca of the road (5)
26 Dough obtained from artificial gems? (5)

Solution to Puzzle No. 4,944



THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

WHAT HAPPENS TO NEW COMPANIES: BY TIM DICKSON

Progress made and lessons learned

Three months ago (May 18) the aims and aspirations of two participants of a joint Greater London Council/London Enterprise Course for budding entrepreneurs were outlined on this page. Matthew Hypolite's objective was to start a specialist publishing business to produce books for young West Indian children. Eileen Walsh had just plonghed her savings into buying a small agency snpplying babysitters and domestic cleaners. How are they faring?

NINE mooths after taking over a London employment agency offering three inter-related services—London Domestics, Babysitters Unlimited and Nannies Unlimited—Eileen Walsh is finding life as a small business proprietor more than agreeable. Indeed, the business is running sufficiently smoothly for her to have found time to resume a favourite form of relaxation—playing the flute.

Walsh, however, has mostly had her hands full in the past three months coping with her company. The effort haa paid off, for turnover since last November is up by 30 per cent.

The key to thia improvement, she says, is the conversion of more telephone inquiries into "placings."

"I knew from the outset, of course, that service was vital but until you actually get involved you don't realise just how important it is. I think we are taking more trouble with people on the phone and making greater efforts to deal with their problems, even if initially it seems that we are unable to help."

Eileen Walsh: Turnover up by 30 per cent

Effective

Important lessons, meanwhile, have been gleaned from the GLC/LEotA course. "It taught me to use my time more effectively. I have, for example, hired a part time secretary to do some of the typing and routine office work so that I can spend more time managing and promoting the business."

The course also encouraged her to concentrate on the more profitable slde of the operation, namely nanoy placements. "The profit from fixing someone up with a naony is far greater than sendiog them a babysitter or domestic. As a result I have been spending a lot more time In the North of Eoglaod interviewiog girls for my register. This is already paying off, though at the moment the three parts of the business are still roughly equal cootributors to profitability."

Cash flow remains healthy though Walah emphasisea that she watches every peony. Sbe has several credit customers who have recently been successfully chased up hy the company secretary. "It's amazing what a male voice does on the pbone," she comments, adding a touch ambivaleotly: "But it does annoy me!"

Further expansion is certainly part of the ultimate plan—though Walsb is in no hurry. "One thing I'm learning is that you've got to go through 12 months in a business like this to see the peaks and troughs of demand. At one point earlier this year there were a lot of inquiries for nannies but unfortunately we didn't have a big enough supply of girls. Next time I'll be able to see it coming and won't make the same mistake."

Walsb wants the agency to grow because sbe has found she enjoys running a husiness aod she knows "the demand for a hlgh quality servlce providing resldential staff of all descrlptions ls there."

At the moment sbe has one full time and one part time assistant hut she realises that "if I had too many people in the office, I could lose touch with what is golng on. I think four is probahly the optimum number."

MATTHEW HYPOLITE is still at the stage of raising money for his publishing company, Armadillo Books, and is experiencing the frustrations of setting up a new business.

Bank managers, for exmaple, are enthusiastlc about his ideas but two bave recently identified areas of his business plan that can still be improved.

Meanwhile, an application to the Greater London Conncil for money to test market his ideas is taking longer to process than ha anticipated.

Hypolite's ambition is to establish his fledgling company as a folly commercial publisher of picture and story books for West Indian children in the age bracket one to 10. His primary motive is unasbamedly social—he ferveotly believes that such books could significantly improve uoderstanding between black and white communities in Britaln and that by featuriog West Indian characters in dominaot and auccessful roles their audience will gain self-respect and confidence at an important formative age.

At the same time he is just as convinced that there is a market for bis product whlcb will earn Armadillo a more than respectable return.

Preoccupation

Hypolite is netther daunted nor bitter by the setbacks so far. Far from it, in fact. "We don't bave to prove anything to ourselves," be comments, "but I do realise that we have to show other people why we are right."

To this end Hypolite's current preoccupation is to raise enough cash to pay for an independent feasibility study and to test sample a "dummy" hook in six London boroughs. Informally be bas been promised £2,000 by Hammersmith Council's small buslness unit—provided Armadillo eventually sets up ln that borough—and an application is currently waiting with tbe GLC for the further £3,000 whicb will be needed.

Hypolite realises that lf, as he fully expects, the results of the test sample and independent study are encouraging, he will have a much stronger case to present to any prospective backer. "This market survey will give the GLC something to go on. They abouldn't just band money out to unknowns. The time it will take will also enable us to develop both our ideas and the business experience I picked up on the course."

Matthew Hypolite: neither daunted nor bitter

His attitude to the banks is similarly understanding at this stage, though he resents the tendency of institutions (including black dominated ones) to apply "unnecessary" special standards to "ethnic minority" buainesses.

"The two bank managers that I have seen both said they needed more evidence that there is a market for this sort of book—and they are right. On tbe other hand, I do wisb tbat the banks in this country would be a bit more adventurous. In the United States there are a number of successful black publications and the banks look at tbe companies bebind them in strictly commercial terms. In Britain financial institutioos should remember that the black population has money to spend and represents a viable market. They should treat black buslnesses on their commercial merlts."

If he fails to fiod outside sources of finance, Hypolite says he will not give up. He has drawn up a couple of coo-tingency plans, including the possibility of developing a residential property.

What abont an equity partner? "I wil only do this if the terms are rigbt. We are sure that the market ls there and we don't want to give away the henefits to somebody else."

Financial options disappearing

A STRING of iodicators in the last couple of weeks has highlighted the grim trading outlook for many UK companies. The declining optimism and depressed demand reported by the Confederation of British Industry, plus the increased bad debt provisions made by all the major clearing banks suggest that conditions for businesses large and small are as difficult, if not worse, than ever.

The 21.9 per cent increase in business failures recently notified by credit insurers, Trade Indemnity, for the first half of 1982 and the 22 per cent rise in the number of customer accounts in legal bands at June 30 just reported by the Association of Britiab Factors would seem to support thia view.

While some of the banks are discussing the "intensive care" facilities made available to larger customers, wbat ia happening to the smaller businesses in their portfolios?

Midland's spokesman is not alone in admitting that the level of failures is currently "much higher" than a year ago. "What has been clear for the last couple of months is that demand for money for capital spending has been low and yet the utilisation of overdrafts has been high. There are tremendous liquidity pressures at the moment."

Further destocking, further extension of trade credit and reductions in capacity are all options to help ease liquidity problems, he says, "but these have probably been exhausted."

Like other banks Midland says it will consider rescheduling debt, though rolling over interest payments was an unlikely solution. "Where a business can't afford these payments it is in very poor heart."

Barclays Bank says "distress lending" to small firms (excluding advances made to new businesses and those under the Government Loan Guarantee Scheme) has increased in the last few months. "Many companies have increased their stocks in the hope of an upturn which has not materialised," according to a Barclays spokesman. Other problems include the tendency of larger customers to delay payment of their debts and the backlog of VAT and PAYE payments since the end of the civil servants' strike.

Lloyds, meanwhile, echoes the others when it says its managers "are burning the midnight oil to keep some companies going—not just for the good of the country but for our own self interest.

"The difference between this time and a year ago is that then it was possible to take action to stem the losses and improve cash flow. Now most of the possibilities have been exhausted and some people are being left with no choice but to cease trading."

T. D.

The complexities of sickness

SMALL businessmen are going to have to come to terms with the Government's Statutory Sick Pay Scheme.

The new legislation received Royal Assent last month and though many small firms' representatives are still amouldering with resentment, employers will be obliged by law to comply with its requirements from April 6 next year.

Tbe scheme is simple enough in concept but undeniably complex in practice. At the moment employees claim state sickness benefit direct from the state, but under the new system employers will carry the responsibility for paying the sickness benefit for up to eight weeks in any one tax year.

Tbe benefit will be paid out *like wages—and will be subject* to PAYE and National Insurance contrihutions. It will be recoverable, however, by employers simply deducting from the National Insurance contributions they send each month to the Inland Revenue as a sum equal to the amount of sickness benefit paid.

The main purpose of these radlcal new arrangements is to bring sickness payments into the income tax net and to avold the situation where some 10m people—according to the Department of Health and Social Security—are better off sick than at work (either hecause employers continue to pay gross salaries or because they make up the gross salary). The Government also hopes to cut out about 2,000 civil aervice jobs.

An important advantage of tbe new scbeme is tbat those employers wbo normally continue to pay their employees at their own discretlon wheo they are ill will be ahle to *claim back £37 for a full week's* sickness wbere the employee is earning more tban £60 a week. (Where earnings are less than £60 a week the rates currently contemplated are £31 a week wbere earnings are £45 to £59.99 a week and £25 where earnings are £29.50 to £44.99 a week.)

Agents

One of the biggest bones of contention, bowever, is that under the new scheme employers will be operating as collection agents for the DHSS. "Adequate" records will hava to be kept, addiog another weight to what many already consider an unjustified administrative burden.

The rules on what constitutes a "day of sickness," for example, are not easy to grasp. Before the sickness scbeme henefit becomes due there must be a spell of four days of sickness, called a "period of incapacity for work." No benefit ia paid until the fourth qualifying day, but if two or more four-day sickness periods are separated by 14 or less calendar days these are said to be linked. If an employee has three waiting days in one fonr-day period and tben a second "linked" spell, the benefit will be payable from the first qualifying day in the second spell.

Employers will have to agree with the employee when he is sick—but if agreement cannot be reached on this point the DHSS will decide, ultimately by tribunal. Responsibility for deciding when and wben not to pay sick pay is that of the employer; under a clause in the Act employees can fill in tbeir own form for the first seven days but thereafter doctors' certificates will be required.

Details of how the Scheme will work are outlined in DHSS Leaflet No. NI 227. The DHSS has said that to help those who have difficulty wading through the 59 page guide their local offices will provide speakers for organisations or individual companies running aeminars.

T. D.

In brief . . .

Conferences

FOUR international conferences on small business and venture capital are scheduled between now and the end of the year.

Places are still available for British participants at the 1982 European Small Business Seminar in Lille, France. Organised by the European Foundation for Management Development, it runs from September 14 to 17. Further details from David Watkins, director, New Enterprise Centre, Manchester Business School. Tel: 061-273 8228.

The International Congress on Small Business is next on the calendar and is being held in Madrid, Spain, from October 25 to 28. The Madrid organiser is Ricardo Gaytre-Boza, Banco de Credito, Carr de S. Jeronimo. 40, Madrid-14. Tel: (91) 429 1707. The Forum of Private Business (Tel: 0565-4468) is making a group booking for British delegates.

Another symposium on the "*Needs of New Technology-based Enterprises*" will be taking place in Luxembourg on November 17 to 19. Contact J. M. Gibb, Jean Monnet Building, PO Box 1907, L-2920, Luxembourg. Tel: 43012918.

Finally, Management Centre Europe has gathered together an impressive list of international venture capitalists for a seminar on "Venture Capital Investment: the risks and returns" to be held in London on December 2 and 3. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium. Tel: (02) 219.03.90.

Brickwork

SMALL BRICKMAKERS could have a rosy future, according to a new study carried out by the Intermediate Technology Group. The recession has hit big brickmakers hard but according to Alan Bollard, the author, modern developments in intermittent kilns, clamp firing, ambient drying and hand prodnction are helping the small operator to exploit niches at the high quality end of the market.

"Brick Work," the third in a series of small firms studies, is available from the Intermediate Technology Bookshop at 9, King Street, London WC2. Price £1.65 or £2 by mail order (including p and p).

TELEVISION

Tonight's Choice

Highlight for me tonight will be Carnaval which follows the five-day thrash in Bahia (Salvador) in Brazil. Here the carnival *is the big event of* the year. *The city was* the centre for the slave trade and the blacks of Salvador retain more of 18th century West African culture in their songs and dances than contemporary Nigerians. Christianity has given a very light gloss to the African Gods, but the churches of the town and colonial mansions provide an ornate setting to the party (ITV 10.30).

How different from the home life of our own dear Arthur Negus. At 8.05 on BBC-2 he is actually in somebody else's home, the beautifully-sited Goodwood House in Sussex. But he talks well about its history and treasures.

Hi-De-Hi! is in the great tradition of BBC comedy. The Corporation has a knack in casting which seems quite beyond the commercial competition, and this run of repeats just confirms the quality of the concept and characterisation. Another well-liked repeat **Private Schulz** comes to a close tonight. The Tuesday documentary looks at President Sadat and considers why his *assassination left the Egyptian people so unmoved.*

ANTONY THORNCROFT

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.20 Hong Kong Phooey. 9.30 Jackanory. 9.45 Paddington. 9.50 Why Don't You . . . ? 10.15-10.30 Think! Backwards. 1.00 pm News After Noon. 1.30-1.45 Bagpuss. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Lassie. 5.05 John Craven's Newsround. 5.10 Swap Shop "On The Road" with Adam Ant.

5.40 News.
6.00 Regional News Magazines.
6.25 Tom and Jerry.
6.35 Kick Start: A motorcycle trials competition.
7.05 The Show Me Show, with John Craven and Maggie Philbin.
7.35 Hi-De-Hi!
8.05 Private Schulz.
9.00 News.
9.25 Why Was Cairo Calm? The Tuesday Documentary.
10.15 Pasmore, starring Philip Jackson, Alison Steadman and Jimmy Jewel.
11.38 News Headlines.
11.40 Late Night In Concert.

BBC 2

6.40-7.55 am Open University.
10.30-10.55 Play School.
5.10 pm The Inside Scene.
†5.40 Laurel and Hardy in "Hog Wild."
6.00 Ventriloquist Cat.
6.05 The World About Us.
6.55 Six Fifty-Five Special.
7.30 News Summary.
7.35 Food and Drink.
8.05 Arthur Negus Enjoys: Goodwood House.
8.25 Bird Spot.
8.35 The Past Afloat.
†9.00 John Ford Season. "The Sun Shines Bright."
10.30 Turns.
11.00-11.50 Newsnight.

LONDON

9.30 am Rocket Robin Hood. 9.50 Wild, Wild World of Animals. 10.15 The Nature of Things. 11.10 The History Makers. 11.30 Paint Along With Nancy. 12.00 Pullover. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Emmerdale Farm. 2.00 A Taste of China. 2.45 The Spoils of War. 3.45 Father Dear Father. 4.15 Dr Snuggles. 4.20 Runaround. 4.45 What's Happening. 5.15 The Real World.

5.45 News.
6.00 Thames News with Rita Carter and David Bellin.
6.25 Help! Community action with Viv Taylor Gee.
6.35 Crossroads.
7.00 Looks Familiar: Denis Norden with his guests Bob Monkhouse, Peter Noble and Gloria Swanson.
7.30 The Video Entertainers.
8.00 The Streets of San Francisco.
9.00 Playhouse.
10.00 News.
10.30 Carnaval.
11.30 City of Angels.
12.25 am Close: "Sit up and Listen" with Sian Phillips.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Sesame Street. 10.30 The New Accelerators. 10.55 Joe 90. 11.25 The Flying Kiwi. 11.50 Captain Nemo. 12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Robin's Nest. 6.00 About Anglia. 7.00 Survival. 11.30 Nero Wolfe. 12.30 am Tuesday Topic.

BORDER

9.30 am Larry The Lamb. 9.40 Evolution. 10.00 Cool McCool. 10.20 321 Contact. 10.55 Roses Cricket: Coverage of the final day of the match between Lancashire and Yorkshire. 1.20 pm Border News. 3.45 Roses Cricket. 6.15 Roses Cricket. 6.00 Lookaround Tuesday. 7.00 Robin's Nest. 8.00 Simon and Simon. 11.30 Border News Summary.

CENTRAL

8.55 am Our Incredible World. 10.30 The National Youth Jazz Orchestra in Concert, featuring Litsa Davies. 10.45 The Incredible Hulk. 11.30 The Crazy World of Sport. 12.30 pm The Young Doctors. 1.20 Central News. 3.45 Robin's Nest. 5.15 Mork and Mindy. 6.00 Crossroads. 6.25 Central News. 7.00 Private Benjamin. 8.00 Magnum. 11.30 Central News. 11.35 City of Angels.

CHANNEL

12.30 pm Retirement Report. 1.20 Channel Lunchtime News and What's On Where. 3.45 Survival. 5.20 Crossroads. 6.00 Channel Report. 6.15 Sunray. 6.30 Private Benjamin. 7.00 Robin's Nest. 8.00 Simon and Simon. 10.28 Channel Late News. 11.30 Nero Wolfe. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.30 am First Thing. 9.40 Sesame Street. 10.40 Project UFO. 11.30 Zoom the Dolphin. 11.55 Undersea Adventures of Captain Nemo. 12.30 pm Gardening Time. 1.20 North News. 3.45 Clegg's People. 6.00 Summer at Six. 7.00 Robin's Nest. 8.00 Simon and Simon. 11.30 Musical Special. 12.30 am North Headlines.

GRANADA

9.30 am Larry the Lamb. 9.40 Evolution. 10.00 Cool McCool. 10.25 3-2-1 Contact. 10.55 The Roses Match. 1.20 pm Granada Reports. 2.00 The Roses Match. 3.45 The Roses Match. 5.15 The Roses Cricket (final visit to Old Trafford). 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports News. 6.35 Family Trees. 7.00 Robin's Nest. 8.00 Simon and Simon. 11.30 Journey Into The Unknown.

HTV

9.35 am Sesame Street. 10.35 Tuesday Morning Feature Film: "Tamahine." 12.30 pm Gardening Time. 1.20 HTV News. 3.45 Survival. 4.15 Ask Oscar! 6.15 Diff'rent Strokes. 6.00 HTV News. 7.00 Robin's Nest. 8.00 Simon and Simon. 10.28 HTV News. 11.30 Ethnic Roots.

HTV Cymru/Wales—As HTV West except 12.00-12.10 pm Mistar Clei. 4.15-4.45 Ar Ei Ol. 6.00 Y Dydd. 6.15-6.35 Report Wales. 11.30-12.16 am Brass In Concert.

SCOTTISH

10.00 am Once Upon A Time . . . 10.25 Bailey's Bird. 10.50 Pro-Celebrity Angling. 11.15 Little House on the Prairie. 12.30 pm Gardening Time. 1.20 Scottish News. 3.45 The Real World. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.30 World Worth Keeping. 7.00 Robin's Nest. 8.00 Skin Deep. 11.30 Late Call. 11.35 Pro-Celebrity Snooker.

TSW

9.30 am Sesame Street. 10.30 Feature Film: "The Million-Pound Note." starring Gregory Peck. 11.50 The Undersea Adventures of Captain Nemo. 12.30 pm Retirement Report. 1.20 TSW News Headlines. 3.45 Survival. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Private Benjamin. 7.00 Robin's Nest. 8.00 Simon and Simon. 10.32 TSW Late News. 11.30 Nero Wolfe. 12.25 am Postscript. 12.30 South West Weather.

TVS

8.30 am 3-2-1 Contact. 10.00 "The Amorous Prawn," starring Joan Greenwood and Ian Carmichael. 11.30 A Full Life. 1.20 pm TVS News. 3.45 Welcome Back Kotter. 6.15 Diff'rent Strokes. 6.00 Coast to Coast. 7.00 Robin's Nest. 11.30 Late Night Drama. 12.00 Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Clegg's People. 9.55 The Music of Man. 10.50 The Undersea Adventures of Captain Nemo. 10.55 Roses Cricket: Lancashire v Yorkshire. 1.20 pm North East News and Lookaround. 2.00 Roses Cricket. 3.45 Roses Cricket. 5.15 Roses Cricket. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life with Tom Coyne. 7.00 Robin's Nest. 8.00 Simon and Simon. 10.30 North East News. 11.30 The Living Legends of Jazz and Blues: Muddy Waters. 12.00 Lawrence's Law.

ULSTER

10.15 am Story Hour. 11.10 Sing-ray. 11.35 Call It Macaroni. 1.20 pm Lunchtime. 3.45 Untamed World. 4.13 Ulster News. 5.15 Gambit. 6.00 Good Evening, Ulster. 7.00 Robin's Nest. 8.00 Simon and Simon. 10.29 Ulster Weather. 11.30 News at Bedtime.

YORKSHIRE

9.30 am Sesame Street. 10.30 Magilla Gorilla. 10.55 The Roses Match: coverage from Old Trafford of the cricket match between Lancashire and Yorkshire. 12.30 pm The Roses Match. 1.20 Calendar News. 2.45 The Roses Match. 3.45 Calendar Tuesday. 5.15 The Roses Match. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Robin's Nest. 8.00 Simon and Simon. 11.30 Bradford International Jazz Festival: Mingus Dynasty.

RADIO

(S) Stereo broadcast (when on vhf)

RADIO 1

6.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Dave Lee Travis. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Steve Wright. 4.30 *Peter Powell.* 7.00 *Talkabout.* 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Don Durbridge (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.0 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 The Songwriters (S). 8.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 The London Palladium Story, introduced by Max Bygraves. 11.00 *Brian Matthew* presents Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Frank Bridge (S). 10.00 BBC Scottish Symphony Orchestra, Part 1: Haydn (S). 10.30 Violin and Piano recital (S). 11.10 BBC Scottish Symphony Orchestra, Part 2: Bruckner (S). 12.20 pm London Baroque, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 London Baroque, part 2 (S). 2.05 BBC Northern Symphony Orchestra (S). 3.10 Cheltenham Festival 1982 (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 Jazz Today (S). 7.00 The Fruits of the Spirit. 7.30 Proms from the Royal Albert Hall, part 1: Strauss, Holloway (S). 8.25 Pleasures (talk by Bernard Levin). 8.45 Proms, part 2: Brahms (S). 9.45 Genes, Mind and Culture. 10.45 John Field and Beethoven (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 "The Midnight Fox." 8.57 Weather; travel. 9.00 News. 9.05 Tuesday Call: Psychology Now. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 On Holiday. 11.00 News. 11.03 Thirty-Minute Theatre. 11.33 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 England, Their England, by A. G. Macdonell. 12.55 Weather; travel; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 *News.* 3.02 A *Dance to the Music of Time* (S). 4.00 News. 4.02 Strange People and Experiences. 4.10 The Lost Battlefield. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Brain of Britain 1982 (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 File On 4. 8.20 The Seaside in Summer. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Injury Time (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night. 12.00 News.

FT COMMERCIAL LAW REPORTS

Damages for lost option to buy ship

CN MARINE INCORPORATED v STENA LINE A/B AND ANOTHER

Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice May and Sir Sebag Shaw): May 25 1982

IN DECIDING whether damages are an adequate remedy in a claim for specific performance of an option to buy a ship, the court should take account of any advantages *which make that ship of* special value to the buyers; and an existing advantage which would have ceased by the time the sale was effected under the option does not justify an order of specific performance instead of an award of damages.

★

The Court of Appeal so held when dismissing an appeal and allowing a cross-appeal from a decision of Mr Justice Parker in the Commercial Court (FT, May 11). The appellants were CN Marine Incorporated, charterers. They appealed against that part of the judge's decision which was against them, but the part which was in their favour was reversed. Judgment was therefore in favour of the respondents, Stena Line A/B, shipowners. A cross-appeal by the second respondents, Regie Voor Maritiem Transport, a Belgian company, was allowed.

★ ★ ★

LORD DENNING, Master of the Rolls, said that in May 1976 the Swedish owners of the Nordica chartered her to Canadian charterers on a most unusual type of charter. It was for up to 108 days during the summer season each year. For the remaining 257 days the vessel reverted to the owners who could use her as they liked.

The charterers had an option to renew the charter, and an option to purchase the vessel at the end of the fifth or sixth years. In July, 1981, the charterers notified the owners that they exercised the option to renew the charter for a further year commencing January 1 1982.

The effect was that they were entitled to have the vessel for 108 days of the summer season, and that they were entitled to exercise the option to purchase at the end of 1982.

The owners took redelivery of the vessel on September 9 1981, and used her on other services during the winter season, as they were entitled to do. About that time, however, they entered into negotiations which were seriously in breach of the charter.

They arranged to charter the vessel to Regie for two years with an option to purchase. That would mean she would not be able to fulfil her commitments to the charterers for the summer season of 1982.

The owners delivered the vessel to Regie, who then did a great deal of conversion work on her to make her fit for Channel service. Regie took possession of her in good faith without notice of the previous charterparty.

The charterers did not know of all those goings-on. They exercised their option to purchase the vessel on March 2 1982. On March 6 they sent their representative to Holland to inspect the vessel. She was in the shipyard undergoing extensive alterations.

It was plain that the owners had no intention of honouring their agreement with the charterers. They offered them another vessel. It was quite unsuitable and was rejected.

The charterers commenced proceedings against the owners. The trial was held before Mr Justice Parker. He made an order in favour of the charterers to the extent that he decreed specific performance of their option to purchase but—almost in the same breath—he took away the benefit of it for the years 1982 and 1983. He said it was to be subject to, and with the benefit of, the charter to Regie.

The result of that order was that Regie would have the use of the vessel for 1982 and 1983. It would have to pay the hire to the charterers during those two years, but the charterers would be able to get title at the end of 1982.

The charterers appealed from the second part of the judge's order, in which he gave Regie the benefit for 1982 and 1983. They said that the decree for specific performance ought not to be limited in respect of those two years. They ought to be able to get delivery of the vessel in order to be ready for the summer season in June 1982.

Miss Heilbron, for the owners, took the point that specific performance was not the correct remedy. She agreed that it could be ordered for a contract for sale of a ship, but said that in the present case damages would be an adequate remedy. The owners would be good for the money.

★

Regie cross-appealed. It said that it was not good enough that it should simply have the benefit for two years, but that it should have performance in accordance with the terms of its charterparty, namely, for two years outright with an option for a further year and an option to purchase.

The fundamental point was whether damages were an adequate remedy for the charterers.

The charterers, in case they did not get specific performance, had made contingency plans involving the use of other vessels which would enable them to run their service for the season. Although those arrangements would not be entirely satisfactory, Mr Justice Parker thought that it was a telling point. But what tipped the scales for him was the fact that the vessel was a sister ship to two already operated by the charterers on the same service.

He said that was a special advantage and of considerable value on the service, though it was clearly of less value if she was to be operated, as she was after 1982, on another service. He found that the advantage was just sufficient when taken with other matters, including the owners' conduct, to satisfy him that an order for specific performance should be made.

It was very difficult to reconcile that reasoning with the judge's later reasoning that the charterers should have specific performance subject to the condition that Regie should have the benefit of its charterparty *for two years.*

★

That took away the "sister ship" point, because Regie would have the use of the vessel during the time when the judge had said it would be *valuable* as a sister ship.

Specific performance could be made in the case of a ship, but in the present case damages would be an adequate remedy.

In those *circumstances,* as a matter of discretion, it was not a case for any order for specific performance. The charterers lost on that point, and the owners won.

As to Regie's cross-appeal, it was plain that as the charterers only had a remedy in damages, Regie was entitled to specific performance of its charterparty on the agreed terms. The cross-appeal should be allowed accordingly.

Lord Justice May and Sir Sebag Shaw gave concurring judgments.

For the charterers: Leonard Hoffmann QC and M. N. Howard (Hill, Dickinson and Co.).

For the owners: Hilary Heilbron (Norton Rose, Botterell and Roche).

For Regie: Johan Steyn QC, Bruce Reynolds and A. G. Bompas (Ince and Co.).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

ALL SYSTEMS GO and Shearwalk, two of the principals in a dramatic finish to Goodwood's Lanson Champagne Stakes, renew their rivalry in today's Seaton Delaval Stakes at Newcastle.

In what should prove another good race for this Group 3 prize, the other runners are the unbeaten Rocky Marriage and the colts Beldale Concorde and Cause Celebre.

Rocky Marriage, a Riva Ridge bay who made $40,000 (£24,000) as a foal before being sold twice as a yearling—first for $60,000 and then for 17,000 guineas—has won both his races in style. The easy conqueror of market leader Noster Puer in a 10-runner event at Sandown early last month, Rocky Marriage followed up with a three-length win over Amarone in the Donnington Castle Stakes at Newbury soon afterwards.

However, Rocky Marriage has yet to tackle anything more than moderate opposition.

He may well complete the hat-trick, but *my* own idea of a safer bet in today's company is Shearwalk, a colt already proven at this level. But for being chopped for room inside the final furlong marker at Goodwood, this handsome grey son of Godswalk would undoubtedly have got in a serious challenge to All Systems Go and Lyphard's Special. Shearwalk, 1¾ lengths adrift at the line, is carrying 3 lbs less this time.

Half-an-hour after the £16,000-added Seaton Delaval, Beldale Concorde's owner, trainer and jockey, Tony Kelly, Michael Jarvis and Pat Eddery, can expect a win from Northern Secret in the Wansbeck Stakes. On her one appearance, this fine, big filly by the Northern Dancer stallion, Arts And Letters, was the only member of Ascot's Granville Stakes field to get into a tussle with the winner, Naar.

NEWCASTLE
4.00—Shearwalk**
4.30—Northern Secret***
5.00—Amber Vale

FOLKESTONE
2.45—Cereza
3.15—Sparkling Moment*

NOTTINGHAM
6.00—Zaheendar
7.30—Straful
8.30—Brodi Crystal

FINANCIAL TIMES
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Tuesday August 10 1982

Long haul for Mexico

MEXICO's adoption of a two-tier foreign exchange rate, amounting to a heavy selective devaluation, bears the hallmark of Sr Miguel de la Madrid, the President-elect who takes over on December 1. During the election campaign he called for a change of direction from economic growth to disinflating an economy bloated by over-ambitious expansion plans and a public sector deficit that had grown to 12.5 per cent of gross domestic product by last year.

Measures

Overall, the economy had grown by some 8 per cent annually in recent years. The bubble was pricked when the price of oil, Mexico's main source of wealth and export revenues, faltered this year. As early as February, the peso was floated, causing the exchange rate to go from 26 pesos to the U.S. dollar to a rate just below 50 pesos.

But supporting measures subsequently taken proved inadequate. Budget cuts still left the prospective public sector deficit in 1982 at 9.5 per cent of GDP and the impact of devaluation was cushioned by government-decreed wage rises of up to 30 per cent. A crisis of confidence overtook international bankers, already struggling with the problems of countries such as Poland and Brazil.

Mexico is heavily dependent upon the world's banking community. Its external debt, public and private, was at least $70bn at the end of last year and it was estimated that another $25bn-$28bn were needed this year, of which rather more than half would have to go towards debt service. The doubts of international lenders became evident when most of a $2.5bn syndicated loan was left in the hands of the underwriters and when the Mexican government had to offer the record interest rate of 18½ per cent on a $100m eurobond in July.

Difficulties

Though Mexico ran a visible trade surplus of $381m in the first five months of this year, the Bank of Mexico's external reserves took a dive because of the services deficit and a flight of capital. The corporate sector, too, suffered severely as devaluation put up the cost in pesos of servicing its foreign debt.

It is important to understand that the crisis that has built up is one of liquidity, unlike the Polish crisis. Mexico is not in difficulties because its productive economy has collapsed. The trouble lies in over-ambitious development and exaggerated expectations built on an oil boom that has suffered a setback.

Under such circumstances the chief task facing Sr de la Madrid is to rebuild confidence among Mexico's creditors to tide the country over a bad patch. One obvious means would be to accept help from the International Monetary Fund. Doing so would go very much against the grain in Mexico City, where the IMF is something of a bogey man.

Yet there is a strong case for swallowing national pride. IMF support would give courage to Mexico's commercial creditors at a time when their help is badly needed. It would also increase pressure on the Mexican authorities to put their own house in order.

Reply

The reply from Mexico would be that the authorities have already taken matters in hand, for instance by postponing an ambitious nuclear programme, and by the two devaluations. How valid that reply is remains to be seen: the budget projections do not augur too well, further supporting measures will be needed.

It is also proper to query the method of last Thursday's devaluation which will not apply to foreign exchange transactions required to pay for imports considered to be in the national interest — including some capital goods — or to the payment of interest to foreign creditors.

Two-tier exchange rates are never easy to administer in practice, and Mexico may find it harder than some others. Mexico's long-standing reluctance to impose exchange controls makes one fear the worst because it was justified with the argument that controls would be impossible to enforce. A two-tier system is unlikely to be more easily enforceable.

Even with skilful economic management the crisis will take time to blow over. But given Mexico's position as a major exporter of oil, and in particular if it obtains the IMF's seal of approval, lenders have good reason to exercise patience.

A loophole in life assurance

UK INVESTORS once again face the possibility of losing money on life assurance contracts because of financial problems with the life companies issuing the contracts. But this time, in contrast to the mid-1970s, the companies involved are registered overseas, rather than in the UK. As a result investors are not covered by the Policyholders Protection Act.

The market in the UK for life assurance contracts is almost wholly free of direct control by the authorities. Anyone can sell life assurance completely unsupervised provided that he does not use the title insurance broker and is not employed by a UK life company.

The Department of Trade prefers to keep this freedom for the seller, which life companies argue allows them to be flexible and innovative in their contract design. The DoT, meanwhile, protects the consumer by monitoring the financial viability of life companies, their advertisements and their promotional literature.

Minimal

In pursuing the principle of free trade in services not only within the EEC but worldwide, the authorities also allow overseas-registered life companies to trade in the UK with the same freedom as their home-based counterparts. It is here that the supervising arrangements can be evaded.

The DoT cannot readily monitor the viability of overseas life companies and it appears that it does not make inquiries into their financial health. As a result investors do not enjoy the indirect protection which applies to UK companies.

The past months have seen a few intermediaries take advantage of this loophole in the system to market a series of investment contracts from Gibraltar-based life companies. The life cover itself is minimal, just enough to get a life assurance label on what sometimes is a highly speculative investment product.

The dangers in this situation are obvious. If the worst happens there is nothing the DoT will do to reimburse investors. The Policy Holders' Protection Act, which guarantees investors 90 per cent of benefits if the life company gets into trouble, applies only to UK life companies.

The Department is understood to be looking at the situation closely. There is clearly a need for measures to improve the protection for purchasers of life assurance in the UK.

Several possibilities are open to the Department. One approach would be to rely on the principle caveat emptor, but to make it clear what the investor has to beware of.

The insurance division of the Department could follow the example of its unit trust colleagues with respect to unauthorised unit trusts and virtually ban direct marketing of overseas life company contracts. Alternately, it could insist on much more information being provided in any promotional literature regarding the overseas life company. Promoters would have to spell out in detail exactly what protection, if any, was provided.

A more drastic option would be to introduce a complete system of licensing for all persons selling life assurance in the UK.

Professor Jim Gower, adviser to the Department of Trade, is reviewing the whole state of investor protection in the UK. His discussion document published in January touches on this defect in relation to overseas life companies. His proposed Securities Act with self-regulatory bodies would provide the necessary controls and protection to the consumer without interfering with the freedom of services for life companies.

Conflict

Another solution is to insist that all overseas life companies must operate in the UK through UK-based subsidiaries, subject to controls by UK authorities. This is what happens in many other European and overseas countries where insurance can only be transacted through local companies. But it would conflict with the drive for free trade in services to which the Government is committed.

What is clear is that there is a serious loophole in the supervisory arrangements and prompt action is needed to close it.

RADIOACTIVE WASTE

Difficulties of a decent burial

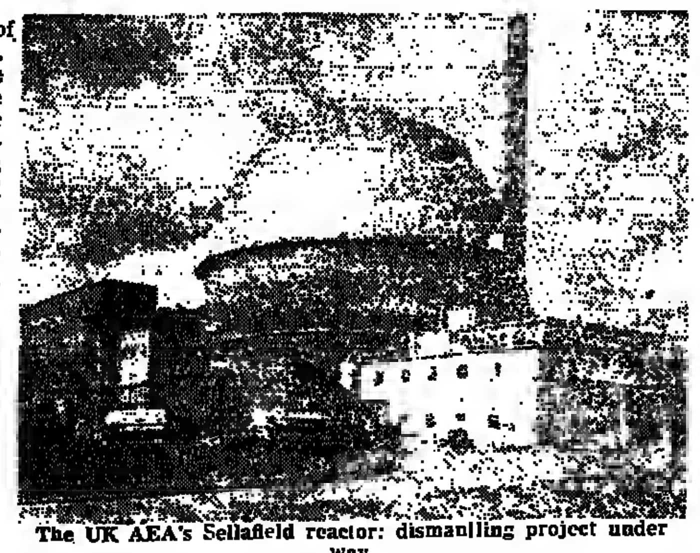
By David Fishlock, Science Editor

A NEW industry, of intense public interest, has begun to take shape in Britain. Its job is to dispose safely of the 100,000 cubic metres of radioactively contaminated materials Britain is expected to have accumulated by the end of the century.

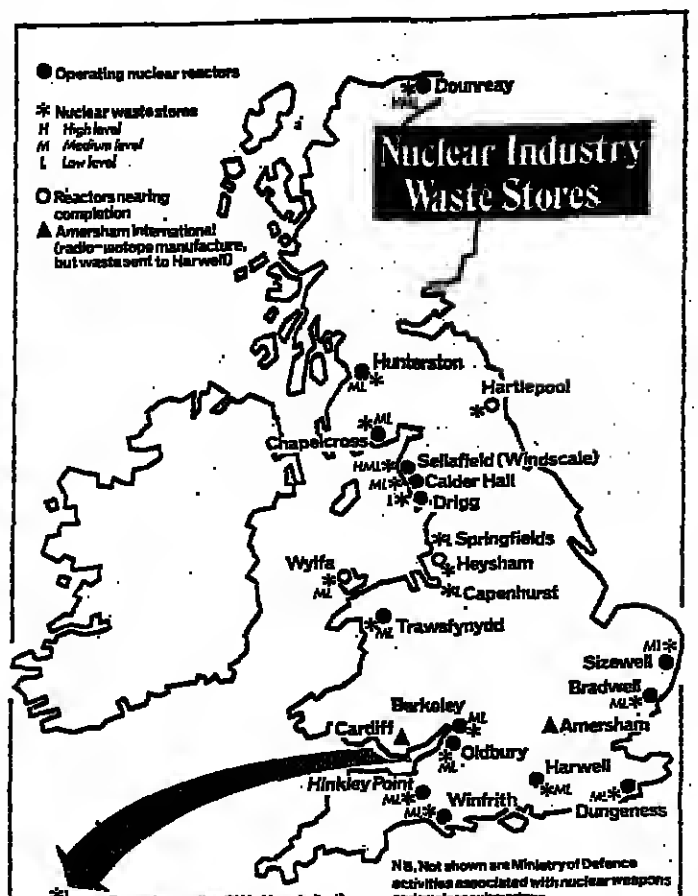
Not only nuclear power stations and fuel factories make radioactive waste. Hospitals create it when diagnosing and treating patients with radiation. Laboratories make it when they use radioactivity as a research tool. Amersham International alone, Britain's biggest company making radio-active products for medicine, research and industry, is expected to contribute one-tenth of the national radioactive waste-heap by the year 2000.

The Government has resisted political pressure to follow the advice of the Flowers report on "Nuclear power and the environment" in 1976, and create a new quango "with responsibility for the safe disposal of all waste arisings at nuclear sites."* Instead it is energetically wooing the private sector, to reinforce the efforts of the nuclear industry itself. Last year about a third of the £10m spent by the Department of the Environment on its investigations of radioactive waste management was carried out by the private sector.

Radioactive waste, or radwaste, as it is known, is an emotionally charged subject with some sectors of the public, much of whose fears can be traced to purple passages in the Flowers report. Before it appeared, there was little discussion of radwaste as a problem in Britain, even by opponents of nuclear power or weapons. Then came assertions by Flowers that there should be "no commitment to a large programme of nuclear fission until it has been demonstrated beyond reasonable doubt that a method exists to ensure the safe containment of long-lived, highly radioactive waste for the indefinite future."



The UK AEA's Sellafield reactor: dismantling project under way



Brena Radovic

PROSPECTIVE NIREX WASTE REPOSITORIES

Facility	Description	Commissioning date
Land 1	Shallow burial at Drigg	Available
Land 2	Engineered trench at 20-30m depth	Late-1980s
Land 3	Modified mine of purpose-built cavity at approximately 100m depth	1990
Land 4	Purpose-built repository at approximately 300m depth	1991 (if needed)
Land 5	Purpose-built repository at 300m + depth for heat-generating wastes	Later than 2010
Sea 1	Ocean disposal using conventional packages	Available
Sea 2	Emplacement on or under deep ocean bed	Later than 2010

Courtesy: Department of the Environment

Defence waste still 'relatively small'

Yet radwaste holds few terrors for the waste disposal industry, accustomed to such deadly industrial dross as sodium cyanide, arsenic and blue asbestos. Unlike nuclear wastes, these poisons do not lessen in toxicity with time.

First to announce formally a new industrial group for radwaste treatment, last month, was NEI Waste Technologies, pooling the resources of the electro-nuclear group Northern Engineering Industries, Chem Nuclear, a U.S. company versed in nuclear waste treatment and the operator of a big U.S. radwaste burial site at Barnwell, South Carolina, and Pollution Prevention Consultants of Crawley, specialising in toxic and hazardous waste management. It plans to help owners of nuclear waste heaps, such as the Central Electricity Generating Board, to prepare them for permanent storage.

However, what has now provided a welcome focus for commercial radwaste activities is the creation of Nirex, the Nuclear Industry Radioactive Waste Executive. Nirex, based at Harwell, is the nuclear industry's own proposal for a small directorate to co-ordinate the disposal activities of four large organisations creating radwaste. The Government accepted the idea earlier this year and wrote it into its White Paper on radwaste management last month.†

Nirex—just five people at present, though this may rise to 10—is acting for the CEGB, the South of Scotland Electricity Board, British Nuclear Fuels and the UK Atomic Energy Authority, who will share its costs, expected to amount to some £65m over the next 10 years. Its chairman, Dr Lewis Roberts, director of the UK AEA's Harwell laboratories, is one of the world's leading nuclear chemists.

The only big UK reactor operator outside Nirex is the Ministry of Defence, with a score of submarine reactors. But submarine fuel is not yet being reprocessed in Britain, and the White Paper claims that the radwaste produced by defence activities is "relatively small."

The most publicised forms of radwaste, the highly-radioactive, heat-generating effluent from the reprocessing of spent nuclear fuel, is produced at only two places in Britain: at the Sellafield (Windscale) factory of BNFL, and the Dounreay establishment of the UK AEA. Its care is being left for the present in the hands of its producers.

The Government has accepted the advice of its expert Radioactive Waste Management Advisory Committee that such effluent should be made into glass ingots and stored at the reprocessing site for 50 years or more, until the heat it emits —2.5kw per ingot initially—is no longer a problem in designing a final resting place, either deep underground or beneath the seabed.

By the end of the century it will amount to about 1 per cent by volume of the total UK radwaste. Nevertheless, Britain is expected to have accumulated about 10,000 steel bottles, like milk churns, filled with radioactive glass made in a £200m vitrification plant BNFL is building at Sellafield.

Nirex's area of operation covers two kinds of radwaste that Britain is storing but, for the most part, not disposing of yet. These are medium-level and low-level radwastes. At its lowest level this consists of trash—paper, cloth, plastics, etc —barely above natural levels of radioactivity. Such wastes arise in about 100 different ways throughout Britain.

Some low-level waste, a few hundred tonnes a year, is buried in 10 times as much concrete and dumped on the seabed on the Atlantic, 2.5 miles deep. This year's sea dump, managed by the UK AEA, began last weekend when the well-publicised Gem sailed again for a spot some 500 miles south-west of Land's End with a 2,697-tonne cargo of entombed trash slightly contaminated with plutonium. If buried on land this kind of waste requires special—and costly—provisions to ensure public safety.

Next year Nirex takes over responsibility for the sea dump. Despite political pressure to abandon it, there are plans afoot to invest in a bigger ship and shore facilities capable of handling bigger drums than at present. Expert advice to government from its Radioactive Waste Management Advisory Committee calls it "a desirable and safe method of disposal" and wishes to see it continue. It is not possible to detect the additional radioactivity against the natural radioactive background from uranium and radium dissolved in the sea.

However, the "London Dumping Convention" which approved the conditions under which Britain, Belgium, the Netherlands and Switzerland sea-dump their low-level radwaste will re-examine the issue in 1984.

By the end of the century, Nirex is expected to have sea dumped some 30,000 cubic metres of low-level waste. This will leave it with 70,000 cubic metres to dispose of on land.

The rest of the low-level waste is now being buried in shallow concrete trenches at Drigg in Cumbria. The medium-level waste is accumulating in concrete vaults and silos at nuclear sites. Together they amount to some 35,000 cubic metres today, and the waste heap is expected to double over the next 20 years.

Nirex's job is to bring this waste together in two (perhaps three) new facilities needed in less than a decade. The first will be an "engineered trench," simple in concept but designed for the purpose of storing low-level waste untainted by plutonium, at a depth of 20-30 metres. This will be needed by the late-1980s, from 1986 onwards.

A much bigger investment will be a modified mine or specially excavated repository about 100 metres deep, similar to the salt mines of Asse near Hanover where much low- and medium-level German nuclear waste is buried. It will be needed by 1990. Mr Maurice Ginniff, who manages Nirex, thinks such a project could cost as much as £40m at today's prices—once he has found a site.

Mr Ginniff has no illusions about it being easy to find radwaste repository sites. A national campaign by environmentalists opposing geological testing (boreholes) made that plain. If he is to cope with the estimated outpourings of radwaste he will need to apply for planning permission for both repositories in the next year or two.

Should the sea dump be abandoned, however, Britain would need to excavate a still more elaborate repository at a depth of about 300 metres, to bury the plutonium-contaminated wastes.

Where may sites be found in Britain for such repositories? Amersham International solves its radwaste problem today by shipping it all to Harwell.

One possibility is to develop new facilities on existing nuclear sites—such as the clay deposits on which Harwell stands. But this could leave the nuclear industry vulnerable to the charge that it was simply letting its poisons pile up in its own backyard, Mr Ginniff says.

Instead, he has started talking to industrial waste operators about the sites already licensed for toxic and hazardous wastes. For example, NEI Waste Technologies, through its associates Pollution Prevention Consultants, has information on some 200 such sites for which the company has negotiated a licence on behalf of their owners.

The new radwaste repositories, although owned by Nirex, may be built and operated by the private sector. Mr John Bennett, director of NEI Waste Technologies, talks of offering a contract service to Nirex in operating the sites, based on the "cradle-to-grave" experience of its Chem Nuclear associates in the U.S., and with a new repository designed for Taiwan.

Other opportunities opening for the private sector lie in the retrieval, treatment and preparation for burial of the radwaste now in store around Britain.

New techniques are being developed in Britain for "packaging" radwaste solids and sludges in cement or plastics, to facilitate transport and burial. At Dounreay, the UK AEA has demonstrated what can be done with sophisticated methods of on-site storage, whereby a computer-controlled robot will retrieve any specified drum of waste from its vault.

The national radwaste estimates compiled by the Department of the Environment

End of the pear-shaped plant

do not include figures for reactors which have been dismantled. The CEGB has begun to plan for the day when it will start dismantling its first nuclear stations. It has just published an estimated cost range of £150m-£270m to raze a Magnox station to the ground, depending on how quickly it is asked to do it.

No radio-active debris from Magnox reactors is likely to reach the national inventory of radwaste before 2000. But the UK AEA has just begun a project aimed at dismantling its 33 MW prototype gas-cooled reactor at Sellafield, to help develop techniques for the commercial reactors.

The plan is, over the next 10 years, to strip down the familiar pear-shaped power plant — almost a symbol of nuclear power in Britain—and concrete the radioactive debris from its reactor into about 300 packages, each an 8 ft cube. Nirex will then land the job of burying the remains, either at sea or in its new repositories.

* Nuclear Power and the Environment. Cmnd. 6618. SO £2.65.
† Radioactive Waste Management. Cmnd. 8607. SO £2.70

Men & Matters

Back room boys

Whitehall's quest for efficiency is continuing apace. A new study has been authorised into the organisation of the government's sprawling economic service. And the Treasury is cutting back on staff; another senior industrial policy post is to disappear.

The link between the two moves is Peter Davies, aged 55, former financial journalist on the News Chronicle and The Times, who turned Treasury official ten years ago. Next month he is leaving his post as secretary to the National Economic Development Office to spend a year on sabbatical at Downing College, Cambridge.

There he will be studying the organisation and role of the economic service which first mushroomed in the 1960s and now has some 400 economists scattered round various government departments—including of course the Treasury itself where it is headed by Terry Burns, the government's chief economic adviser.

While some people might expect Davies to propose the abolition of the economic service because of its alleged failure to deliver the goods during 20 years of national economic decline his actual target will be more realistic. That is to say it will be less ambitious.

He will be looking into the ways different government departments use—or do not use —their economists, and how effectively or otherwise they operate. "In some departments they are in back rooms while elsewhere they perform a more important role," he says. Some critics argue that Whitehall's back rooms are scarcely likely to attract the best brains in the trade.

The study is Davies's own idea. But it is being welcomed by the Treasury which will watch with interest—even fascination—to see whether Davies proposes staffing cuts.

Meanwhile, Davies will be followed at Neddy by Peter Dixon, who, like Davies is a former press secretary to Denis Healey at the Treasury.

Dixon's present post as one of two Treasury under secretaries working on industrial policy is being abolished. Last month it was the top second permanent secretary's job in this area of the Treasury that vanished when Sir William Ryrie moved to head the Overseas Development Administration.

The Treasury word on the job cuts is that industrial policy is not being downgraded — just streamlined for more efficiency.

Bonn's card

In the spring—on April 1 to be exact — the Frankfurter Allgemeine Zeitung newspaper reported that the ageing but active West German diplomatist Dr Edmund F. Draecker had pulled off yet another coup. He had hoisted the West German flag on an Antarctic iceberg of strategic importance claiming it for Bonn in accordance with international law.

I thank Dorothee Jung of Reuters in Bonn for bringing this news item up to date.

Months passed without reaction: then East Berlin woke up. The official East German foreign affairs weekly Horizon has now used the April 1 report as a basis to attack Bonn's Antarctic policy. Draecker is quoted as revealing that West Germany is out to gain sovereign rights by exploiting deficiencies in the Antarctic treaty. It goes on to tell of "the fear felt by imperialistic monopolies of losing out on the rich mineral fields buried deep under the ice."

Diplomatic incident? . . . Not quite: West German official circles are rolling around their corridors of power with laughter.

The good Dr Draecker is one of the longest-running spoofs in diplomatic history. Now aged 94 — had he ever existed — he is credited with many spectacular assignments which have taken him to all corners of the world.

The hoax was conceived in 1936 by Hasso von Etzdorf, now a retired ambassador and then a young attaché in the Rome embassy. The sudden "arrival" of Draecker was used as an excuse to rush to the nearest bar and sip a cool beer to escape the tedium of long meetings and unwelcome visitors. After World War II Draecker was formally de-Nazified, and an ever-widening circle of diplomats began to flesh out the myth.

A Bonn spokesman, Klaus Boelling, says Draecker has now gone on a "horizon-widening" tour of East Germany.

Easy riders

British Atlantic Airways, Britain's newest airline, is rapidly developing a taste for attempting things other airlines have never tried.

First there was the Falklands air service. That was proposed by British Atlantic's managing director, Mr Randolph Fields, in a formal application to the Civil Aviation Authority in June.

The serious shortcomings of no runway at Port Stanley able to take the airline's proposed DC-10 together with the lack of money to buy the DC-10, for the moment at least, have not put off Mr Fields and his staff of part-time planners.

The airline's second attempt at a unique service was launched yesterday with an application to the CAA. This time British Atlantic wants to start a twice-weekly service between Gatwick Airport, London and New York.

The novelty of the service is that it will be only for business travellers. "It's a one price, one class service," the airline said yesterday. The proposed fare is £250 single, about 10 per cent higher than economy fares on other airlines. The main difference will be "better service and six inches more leg room for each passenger."

Some drinks will be free, but "we do not plan to offer a free drink every five minutes," Captain Alan Hellary, the operations director, said.

Other airlines might protest. But in Mr Fields they have a doughty campaigner. He claims to have organised, when he was 18, the first strike in London Zoo—it was among the ice-cream salesmen, not the animals.

Standing up

Here's a question for those who are hired to spot future profit-makers. Between five and 10 years ago did you send a memo to the boss saying that people of all ages would be so keen to stand up on beach surf boards and propel them with sails that a £120m a year worldwide business would exist by mid-1982?

Growth in the pastime has been explosive. This year 300,000 sailboards will be sold worldwide. And British sales of some 15,000 will keep many a former sailing dinghy business in profit.

However, it is a Swedish businessman who used to deal in office equipment who is now claiming to be leading the British market with expected sales of some 3,500 boards and a £1m turnover this year.

Goran Nyman is a super-fit 49-year-old who always looks ready to break into a trot. He is the UK senior board sailing champion currently, and his business depends upon distributing a West German-made board called the Sailboard.

After hitting his first £1m turnover year he is forecasting £2m turnover next year.

That is if the whole pastime does not suddenly go the way of Hula Hoops and Skateboards. Inclusion of board racing in the next Olympic Games is good insurance against a collapse, however.

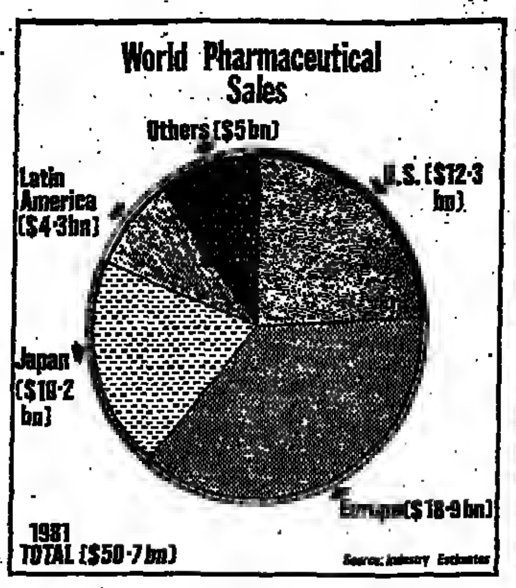
Observer

U.S. PHARMACEUTICALS

The big switch in R and D

By Richard Lambert in New York

THE WORLD is on the brink of a new era of drug research and development, according to Merck and Co., one of the largest U.S. pharmaceutical companies. In the words of Dr Roy Vagelos, who runs Merck's research effort: "I believe science has never offered opportunities that equal those now at hand for developing drugs to cure or prevent many of the most serious and widespread diseases that afflict humanity."



Mr John Horan (right) Merck's chairman: "We want enough size and strength to lead the way"

Even for a layman, there is an atmosphere of barely supressed bustle and excitement at Merck's New Jersey research base. In the next few years, the company will be bringing out a string of new products that will, according to Mr John Horan, the chairman and chief executive, sustain a faster rate of growth in sales and earnings in the 1980s than that seen in the last five to ten years. Merck's net income last year was just less than $400m, up from $151m in 1972.

Behind this optimism lies a substantially increased investment in research and a whole new approach to the design and development of drugs. Through the 1970s, the company's research expense averaged around 8.5 per cent of sales. This year it is expected to rise by around a fifth to $338m—approaching 11 per cent of sales. And the leading edge of all this investment has been switched from chemistry to the life sciences.

The stakes are high—and so are the potential rewards. A successful product can generate sales around the world of well over $100m a year. Tagamet, a treatment for stomach ulcers, made by Smith Kline, was the top revenue-earner last year with sales in the major international markets topping $640m. Merck's biggest selling product is Aldomet, a drug for treatment of high blood pressure. Its sales in major world markets are put by analysts at $278m a year, of which some $140m are thought to be in the U.S.

But the risks which also face the industry have been underlined by the British authorities' recent decision to suspend sales of Opren (sold as Oraflex in the U.S.), an anti-inflammatory drug produced by Eli Lilly, pending a review by the Committee on the Safety of Medicines. The company subsequently decided to suspend U.S. sales of the product.

Many of the breakthrough advances on which modern pharmaceutical science is based came in the period following World War II. "It was a golden era," says Mr Horan—and one in which the innovations were led by chemists.

But in the late 1960s the productivity of research in the drug industry in general and Merck in particular began to fall off alarmingly. The cost of developing a new drug entity in the U.S. jumped from an estimated $1.3m in 1960 to $24m in 1970 and around $50m by 1980. And the average time span for producing a new product rose fourfold over the period, from two to eight years.

A number of big drug companies began to diversify into other, more immediately rewarding fields. Merck stuck with its traditional businesses, but by the time Mr Horan took over in 1976, some analysts were saying that the company's ageing drug portfolio and unproductive research effort were spelling big trouble for the future.

Yet there was also developing over this period in the universities and research institutes a significant growth in the areas of life science and biological knowledge. One of Mr Horan's first moves was to appoint an outsider as director of research for Merck—Dr Vagelos, a distinguished biologist and physician from Washington University. That accelerated a major shift in the disciplines governing Merck's research programme—and one which has been paralleled in other big drug companies.

According to Mr David MacCallum of stockbrokers Paine Webber, the switch in emphasis towards the life sciences represents a very significant change in direction for the world's pharmaceutical industry. He says that Merck is by far the strongest company in the U.S. sector, and is leading the competition in this respect.

In the earlier years, according to Mr Horan, "Research was to a significant extent a hit or miss affair. You'd find a model in which disease could be simulated like that in man: a large part of the process was actually made up of inducing the disease. Then you would screen literally hundreds of thousands of chemical compounds to see their effect. The only real direction came from the chemist's nose, and to a significant extent the process was based on intuition."

But now research has become a much more rational affair. "Today we can define disease more accurately, having much more knowledge about what happens in the body," says Mr Horan.

Dr Vagelos explains that biochemistry has shown how all reactions occurring in the body are catalysed and controlled by proteins called enzymes. Scientists seek to discover reactions in the body which, by being *abnormal*, *could* be responsible for causing a particular disease. Having done that, they look for a drug to slow down or stop the activity of the enzyme that is involved in the reaction.

Along with an increased understanding of the life sciences have come enormous advances in instruments and *measuring systems*, which have put powerful new tools into the hands of the researchers—worlds apart from anything that was available until recently. Mr Horan cites particularly new uses for computers, and computer imaging for studying biological sequences.

A computer aided design system allows Merck's researchers to study *molecules* from different angles on a terminal screen, and check their likely reaction to new drugs. In another part of the building, analysts use computers to help break chemical compounds down to their most infinitesimal parts.

This approach to research is extremely expensive. "Once you have the right people and the investment to support them, you can guarantee higher research productivity," says Dr Vagelos. But neither come cheaply.

For instance, the company is now building a major centre for basic research just outside Harlow New Town in the UK. This will concentrate exclusively on the neurosciences—the study of the brain and nervous systems—an area where UK researchers are among the world's leaders. The facility will cost more than £25m to build, and will employ over 200 skilled people. Yet according to Mr Horan, "we won't get any products out of that research for at least a decade, unless we are extraordinarily lucky."

Only the very largest companies have the resources to put such large sums at risk for such a long development effort. In the old days, says Mr Horan, a small pharmaceutical business could do some chemical screening and with a lot of luck it might just hit the jackpot. But today it could not hope to compete effectively.

Just about the only area where small companies might make a mark is in DNA technology, where they tend to concentrate on a very narrow field and work on a high risk, venture capital basis. But to maintain a broadly-based research programme is quite another matter.

Since pharmaceutical research is becoming both more expensive and more productive, Mr Horan sees a clear logic in the way that a number of very large companies have recently moved into the market. Procter and Gamble is an obvious example with its recent acquisition in the U.S. of the Morton-Norwich pharmaceutical business for $371m. Mr Horan also cites the efforts of Du Pont and Dow Chemical to make a bigger splash in the drugs business, and the emergence of powerful European forces like Ciba Geigy. Merck itself has been investing at a hectic pace to update its existing product range and to broaden the base of its drugs business from its existing strengths in antihypertensive, *cadiovascular* and anti-inflammatory products.

The long term pay-off is expected to be substantial. For example, Mr Horan describes the neurosciences as "a breaking field in pharmaceutical research: we want to get in *with enough size and strength* to lead the way with new products."

Research in this area has shown that human cells are linked with each other by means of what are called transmitter substances, which are compounds that are released by one cell in order to communicate with another. These transmitters slot into specific receptors on the cells which they are to influence—and both transmitters and receptors are seen as targets for drug discovery. Dr Vagelos says that all the neurological diseases—like depression, dementia, or loss of memory—are caused by chemical abberations of one kind or another—and it is only a matter of time before they can be tackled.

Most existing drugs for such ailments modify the symptoms but do not cure the disease. Merck believes that all this will change in the foreseable future.

This new era of drug discovery comes at a time when the U.S. authorities are taking a more accommodating line towards new products. Mr Horan says that the U.S. reached a point a few years ago when it became obvious that the bureaucratic process had become so cumbersome that it was no longer serving the public interest. But there has now been a reaction against this, and the Food and Drug Administration has significantly improved *the promptness of its testing*.

WORLD'S TOP 10
ethical and over-the-counter sales

Company	Country
Hoechst	W. Germany
Ciba-Geigy	Switzerland
Merck	U.S.
American Home	U.S.
SmichKlime	U.S.
Roche	Switzerland
Pfizer	U.S.
Eli Lilly	U.S.
Sandoz	U.S.
Johnson & Johnson	U.S.

Source: Industry estimates

Merck expects that the major drugs of the next 20 years will come mainly from the biomedical sciences—biochemistry; the neurosciences; immunology; microbiology; and molecular biology, which includes genetic engineering. So far only a handful of drugs developed under these disciplines have actually reached the market place. But a growing pipeline of products under development should start to have an important impact in the near future.

Lombard

A casualty of the Beirut war

By James Buchan in Bonn

Of Israel's casualties in this the longest of its wars, not the least has been the regard in which it is held by West Germans.

Between a remorseful Germany and an unforgiving Israel, there could never be a healthy relationship. In the period after World War II, Germans saw the debt they felt to Jewry as a debt to the young Jewish state. Israel was untouchable and its special status was as much a part of the post-war German world view as the renunciation of war itself.

Israel's achievements in development struck a responsive chord in a reconstructed Germany. Yet the image that preceded and survived the 1967 Arab-Israeli war, of a tiny state, terrier-like in its defence, gradually gave way in the minds of many Germans to the "strong man armed" that was the Old Testament's judgment on doomed Assyria.

Burden

German reparations and German support continued, but since Mr Menahem Begin came to power in the late 1970s, the relationship has been unpleasant to witness. Any hint of German backsliding has been met with Israeli verbal blackmail or savage personal abuse of Chancellor Helmut Schmidt.

What has happened since June 4 has been little short of a declaration of a new German independence attitude.

At one, perhaps subconscious, level, many Germans feel that Israel's war, and the television pictures of Beirut burning night after night, are releasing them from a part of their burden of guilt.

Last week's edition of Die Zeit compared Beirut not to Dresden or Cologne, destroyed by the RAF, but Coventry, bombed by the Luftwaffe. Throughout the West German press, with the notable exception of Herr Axel Springer's newspapers, there has been a new tone of agonised debate. The German press has been much less willing to take Israel at its own estimation. Words like "annihilation" or "genocide" have been used, to the horror of Israeli officials.

At government level, little is changed, as the Israelis rightly point out.

Concept

During the Falklands crisis, Bonn repeatedly stressed a concept known as *verhaeltnismaessigkeit* in the hope of restraining British military action in a war Germany loathed and found hard to understand. The concept means "use of force commensurate with the threat." On the Queen's birthday, I asked a friend at the Chancellery if the concept applied to Israel's actions. "I am afraid not," he said. "We have to operate a double standard."

On June 13, Herr Hans Dietrich Genscher, the foreign minister, called for the restoration of Lebanese sovereignty, which is what the Israelis say they are trying to achieve. As for the Palestinians, the most recent official comment was that they should have some "future perspective" which might mean as little as that they should not all be killed.

"There is clearly a problem of *verhaeltnismaessigkeit* here," another official said to me. "But it is not for the German Government to speak on it."

Sadness

In their despair, Israeli officials have had to rely on Herr Springer, for whom the compensation *of Israel is a central* tenet. Die Welt, the most solid of his newspapers, recently led its edition with an interview with a former Israeli ambassador to Bonn who noted with sadness an upsurge of "anti-semitism and anti-jewish feeling" in Germany since the beginning of the war.

The charge is losing its sting. "This is not anti-semitism," Die Zeit retorted. "Even Germans are not required to rejoice in the insane empire-building of Israeli extremists."

Letters to the Editor

Property values and jobs in enterprise zones

From Mr A. Hollway.

Sir,—It is foolhardy for the Government to double the number of enterprise zones before it knows if they work. There hasn't yet been time for its agent, Roger Tym and Partners, which is monitoring *the earlier EZs* to *report* their success.

It would be a gross waste of the country's resources to increase expenditure on EZs while there is *controversy* and mounting evidence of their ill effects on the surrounding communities.

Who is going to invest in these areas surrounding the EZs when within a few miles one is able to obtain the EZ benefits, including property free of rates, for the next 10 years?

Already there is evidence of "boundary hopping." In Swansea EZ 47½ per cent of new firms are re-locations, in Trafford 55 per cent. In the latter, the re-location distance averaging less than five miles.

This will lead to commercial property in the surrounding areas becoming blighted and suffer increasing dereliction. It is likely these areas will become the industrial slums of the future, as firms in these areas will also suffer unfair competition from firms in the EZ.

If the EZ legislation produced more jobs, one might be able to justify the unpleasant side-effects, but in the present flat market with little increase in activity it is doubtful if many new jobs are created, which wouldn't have been created anyway or which aren't subsequently lost in existing firms through having to face *unfair* competition and/or redundancy due to financing the EZ benefits.

Also the cost per job "gained" is more expensive than at first sight. Clydebank EZ has produced 1,500 jobs costing £1.7m this year in rate support alone—that is, £1,133 per job—but when you take into account that this has to be paid each year for the next 10 years, it becomes £18,058 per job (compounded at 10 per cent inflation). If we are charitable and assume that half these new jobs are genuine new jobs, it is costing the country £36,116 per job in rate support alone.

When you add to the above, all the costs of providing the infrastructure of EZs like admin, buildings, roads and main services (note Corby EZ has spent £4.9m on infrastructure this year): plus the cost of transferring people and firms from one location to another, the cost per job gained by the EZ package becomes astronomically expensive.

If one is sceptical and considers that very few genuine new jobs are created by EZs then the cost per job is beyond calculation!

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From Mr M. Brookfield

Sir,—I read with interest Anthony Moreton's article "Response to enterprise zones experiment pleases Government" (July 28).

As managing director of a company based in Trafford Park, I am daily reminded by business men located outside the Trafford zone of reduced property values, depressed property rents and unfair competition caused by the local zone.

The more successful enterprise zones are, the more damaging are the consequences for businesses on the periphery. The Trafford EZ was designated on August 12 1981, and results of the first year's activities reveal a complete distortion of property values, rents and the ability of distributive firms on *the outside to* compete *with* these Government subsidised businesses inside.

The local zone developers' rentals are free of any rate additions, because of this property owners on the outside are forced to reduce their rentals by 45 per cent to compete on equal terms. This has resulted in a collapse of property values and therefore assets by 30 to 50 per cent. Some rentals are now little more than a *£1 a* square foot for locally developed brand new quality constructed units outside the zones.

Of the 800 proposed jobs in the *zone* and *the* 45 new and relocated firms the majority are involved in distributive businesses. Occupation inside can mean for a distributive business some 23 per cent to 30 per cent less overheads, and capital cost savings up to 38 per cent, for those building their own depot.

To move into a zone there is no need to guarantee any new jobs, be involved in an infant industry or serve any useful purpose in the local economy. You are free to just boundary hop and collect all the rate and tax benefits, and exemption from industrial training levies.

M. Brookfield.
17, Coppice Avenue,
Sale, Cheshire.

An unattractive monster

From Mr J. English

Sir,—If the baby has warts, don't treat the warts—kill the baby. Current cost accounting has its blemishes, but is infanticide the only answer? Before the Institute of Chartered Accountants gets around to its *next quinquennial* attack upon the baby, should we not perhaps be concentrating more upon viewing the alternatives, rather than just gazing at the warts?

There are two alternatives, but only one is "available." Current purchasing power is far *superior* to CCA, but is no longer "available." CPP was devised by the accountants, but the Government of the day, terrified at the prospect of CPP blowing the gaff and exposing historical accounting for the fraud which it is, smothered it by setting-up Sandilands, which put off the day of enlightenment hopefully for ever but at least *until after the next Election.* Sandilands, supported by "businessmen" and academics rather than just by practical accountants, in due course sired his monster, which was duly installed in the sleeping baby's nursery.

The accountancy profession was then "invited" by the Government to make the monster some clothes, but with strict instructions that they were not to try to strangle the monster and to re-awaken the baby—they were to strangle CPP and to clothe the CCA monster. They did so.

It is not an attractive monster, but it is *still* better than the only other alternative, historical accounting. CPP was murdered on Government instructions, but historical accounting lingers on, suckled by an ancient breast in the heights of Burgess Hill. Historical accounting is the only available alternative, diabolical as it may be in what we must pray to be its death-throes.

The new provisions for the indexation of base values for capital gains tax are clumsy, unfair, and generally dreadful. But they at least give some relief, and with half-a-loaf being better than no bread, I prefer them to the old system. I don't love them, but I prefer them. Opposing them just because they are "not perfect" smacks more of petulance than of intelligence. CCA is not perfect but it is better than historical accounting.

I don't like the monster, but I prefer it, warts and all, to going back to the dark ages.

Jeffery English.
Willis Parsons English and Co.,
Sun Alliance House,
Dean Park Crescent,
Bournemouth.

Whisky industry not gloomy

From the Chairman,
Information Committee,
Scotch Whisky Association

Sir,—Your Diarist's "man who monitors the facts and figures pertaining to British drinking" *(August 3) accuses* the liquor trade of talking itself into a mood of despondency. This is certainly not true of the Scotch whisky industry although *it* might be *thought that* your Diarist and his man do the job for us when they insist on drawing sweeping conclusions from one month's Customs and Excise returns.

It really is time your man learned that one cannot draw realistic and worthwhile conclusions on the basis of one month's *figures*. It is time too that he put his facts in perspective. He states that January releases of Scotch whisky were 40 per cent down compared with January 1981. *He does* not say, however, that withdrawals for January 1981 were exceptionally heavy—54 per cent up on the previous January—or that January 1982 *figures* were 53 per cent higher than those for January 1979. Could we remind him that 1979 was our best year in the home market in living memory.

Donald Mackinlay
17 Half Moon Street, W.1.

Promote union mergers

From Mr W. Grey

Sir,—While preparing to pilot his second trade union reform Bill through the present Parliament, couldn't tireless Mr Tebbit spare a thought for the pressing need to promote union mergers?

The recent rail dispute has demonstrated the weakness of our still far too fragmented union structure afresh. Competing countries, moreover, seem none the worse off for having unions organised on an industry-wide basis.

Alternatively, if this particular case does not lend itself to legislative treatment, then let the Government, TUC and CBI join forces to devise other more suitable means of knocking recalcitrant heads together.

W. Grey.
12, Arden Road, Finchley, N3.

UK COMPANY NEWS

Carrington Viyella reduces losses

FOR THE first half of 1982, pre-tax losses of Carrington Viyella, textile manufacturer, were reduced from £3.02m to £2.63m, on lower sales of £119.48m, compared with £129.93m.

The result was struck after interest charges of £3.91m (£4.19m) and share of associates' losses of £712,000 (£399,000 profit). The Canadian associate, Consoltex, has suffered substantial losses in 1982 reflecting intense trading difficulties in Canada. At the trading level, group profits rose from £767,000 to £1.99m.

All the group's UK divisions made a positive advance over 1981 and in total, improved their operating result by £1.9m in an unhelpful environment. After allowing for the seles of Gelvenor (South Africa) and the knitting division, which were included in 1981 results, total UK sales were maintained at the same level as last year.

The sterling profit contribution from the 50 per cent owned South African subsidiary was adversely affected by exchange rate movements.

The current environment continues to make the short term outlook uncertain, although the company is maintaining progress by improving both the cost base and productivity through its rationalisation programme.

An extraordinary dehit of £623,000 (£963.00 credit) for the half year was the result of further rationalisatioo taken in the period. Over the last six months, there has been a further reduction in the number of UK employees from 15,200 at the end of December 1981 to 13,600 at the end of June 1982.

At June 30 the group still carried a substantial provision for ongoing rationalisation.

Tax charge decreased from £1.11m to £913,000. After minorities and extraordinary items, the attributable deficit came out at £4.71m, compared with £3.17m. Stated loss per 25p share was marginally lower at 2.39p, against 2.41p.

There is egaio no interim dividend. The last payments, totalling 1.1p net, were in respect of 1979.

In current cost terms, first half pre-tax losses were £6.02m (£7.29m).

See Lex

HIGHLIGHTS

The Lex column today concentrates on corporate failure. AEG Telefunken has now filed for partial bankruptcy under a plan which will require the banks to write off 60 per cent of their loans. On a rather smaller scale the British engineering company Newman Industries is being rescued by an emergency equity injection. Something with which the hard pressed Carrington Viyella, whose first half figures are also discussed, could well do. Finally the column looks briefly at yesterday's events in the financial markets.

Barclays pays £4m for Irish bank

By Our Banking Correspondent

Barclays Bank International (BBI) has bought the Commercial Banking Company, a private Irish bank, for a sum believed to be in the reginn of £4m.

BBI has been in Ireland for four years and the acquisition of the Irish bank, which has six branches, and assets of around IR£40m, will strengthen its position significantly in the Republic, where it is underepresented by comparison with some of the other UK clearing banks.

The Comercial Banking Company was founded in 1893 and has concentrated on servicing small depositors and small businessmen. PMPA, the Irish insurance company, which is the biggest shareholder in the bank, is believed to have been under some pressure to either reduce or dispose of its stake.

BBI said yesterday that it had received shareholders' approval to acquire full ownership of the bank and the Central Bank of Ireland had also given its approval to the transaction.

Mr Robert Maw, BBI's general manager in Ireland, said that the Comercial Banking Company will continue to operate through its six branches as a separate bank, but as a full member of the Barclays Bank Group. "We plan to expand its activities throughout the Republic, particularly into the medium-term business market with emphasis on import/export trade," said Mr Maw.

CONDER INTERNATIONAL

Conder International has asked us to point out that no question of safety has ever been raised in relation to its highly successful and innovative Kingsworthy multi-storey buildings which received the Queen's Award for Technology in 1981. There are more than 1,000 such buildings in daily use and the comment regarding them in Saturday's report of the group's interim results is totally unfounded.

BLUNDELL

The receot rights issue by Blundell-Permoglaze has been accepted in respect of 88 per ceot of the 1.415m shares offered. The balance of the shares have been sold in the market at a premium.

Manchester Ship in £1.9m loss after £2.4m severance payments

WITH OPERATING income for the first half of 1982 marginally higher at £11.9m, against £11.76m, the Manchester Ship Canal Company returned a profit, before exceptional items and tax, of £0.65m, compared with a loss of £1.37m.

However, after charging exceptional expenditure of £2.51m (£1.32m), there was a pre-tax deficit of £1.86m, compared with £2.69m last time. Voluntary severance payments, towards the cost of which no special help is received from the Government, amounted to £2.4m (£1.69m).

Since the beginning of the year some 400 employees have either left the company's service or are in the process of leaving. While the board does not anticipate any further heavy severance payments for the time being, it says the company continues to carry unaided the burden of costs associated with the land drainage of a considerable part of the north west of England.

Provided the current level of trade holds up, the board says the company should consolidate the beginnings of its recovery during the second six months. Meanwhile, there is again no interim dividend. Pre-tax loss for 1981 totalled £2.42m—no final was paid.

Operating loss for the six months dropped from £2.1m to £413,000. This was before crediting net rents received of £697,000 (£590,000), loan and investment income of £512,000 (£426,000) and profit of £192,000 (£3,000) on sales of land. Interest, however, took £238,000 (£296,000).

There was again no tax. With £30,000 (£27,000) set aside for redemption of loan capital, an amount of £1.89m (£2.72m) was transferred from general reserve.

Stated loss per £1 share decreased from 71.1p to 49.5p.

● **comment**

Manchester Ship's smaller operating loss for the six months is almost entirely due to a smaller wage bill. With another 400 workers to go, about £3m more should flow into profits before exceptional items. But Manchester's core business remains grim and the company is working hard to transform itself into more of a property group. Backing up these efforts are its property assets which are now on the books at about £21m or nearly 10 times the company's market capitalisation these days. In order to close that gap, it is considering the development of a prime inner-Manchester site and the further development of an enterprise zone in its area. The prospects of a return to profits next year put 10p on the shares, but at 72p, they adequately reflect the market's hesitance about the new direction Manchester is sailing in.

Murray Inv. Trusts expansion

FOR THE six months to June 30 1982 net revenue at Murray Western Investment Trust moved ahead from £987,220 to £1.11m. The net interim dividend as already announced has been held at 0.6p.

Net asset value per ordinary and "B" ordinary share is given as falling from 117.7p at the end of 1981 to 110.3p at June 30. Half-year stated earnings per share were estimated at 2.7p compared with 2.55p at the end of 1981.

The first six months of the financial year have beeo very active, say the directors, as indicated in the last annual report, greater emphasis was placed on the U.S. where the outlook is thought to beller than for the UK.

In the implementation of this policy, £23.6m has been transferred from the UK portfolio and £3.5m from the Japaoese portfolio. Most of this money, together with additional borrowings has been invested in U.S. bonds, they say.

The directors point out that the investment policy has been based on the premise that inflation in the U.S. will be lower than is presently expected, and that the high real rates of interest available in U.S. bonds will fall, with consequent significant increases in bond prices.

Most of the bonds that have been bought are long dated U.S. government securities.

When there is clear evidence, say the directors, that U.S. interest rates have fallen on a long-term basis, so that prospects for industrial companies are improved, part of these funds will be reinvested in equities so that the percentage of shareholders' funds in equities rises to about 100 per cent from the current figure of 88 per cent of equity shareholders' interest.

In the last full year a total divided of 2.5p was paid from net profits of £2.02m.

Taxable profits of £1.93m against £1.66m for the first half of the current year were struck after dividends and interest of £2.93m compared with £2.27m and increased expenses of £992,840 (£616,667). Tax for the period took £826,015 (£663,277).

A rise in net earnings was shown by Murray Caledonian Investment Trust from £1.29m to £2.31m for the 12 months to June 30 1982. A final dividend of 2.7p, against 1.5p previously, increased the net total from 2.5p to 4.2p.

The directors intend to recommend total dividends for the next financial year of not less than 5.5p, including an interim of 2p (1.5p).

Net asset value per ordinary and B ordinary share was given as slipping from 106.4p to 94.8p.

Earnings per ordinary 25p share were stated as moving ahead from 2.33p to 4.19p end from 2.27p to 4.09p assuming full conversion of B ordinary shares.

Net asset value per ordinary and B ordinary is shown as 94.8p (106.4p).

Total revenue for the year rose from £2.95m to £4.77m. Tax took more at £1.48m (£821,058).

Relyon dips but chief sees some advance

PRE-TAX profits at Relyon Group were down from £1.02m to £774,000 in the half-year to June 30, 1982. Sales of this manufacturer of mattresses and divans dropped from £7.06m to £6.29m. The interim dividend is effectively maintained at 1.67p—last year's adjusted total was 4.375p net.

Mr H. Brockenshaw, the chairman, says that although given the substantial fall in demand experienced by the industry earlier this year, he is certainly not disappointed by the company's performance under these circumstances.

Looking to the remainder of the year, he is confident that it will achieve a marked improvement in the second half.

The first-half trading surplus was lower at £1.01m against £1.21m, and the pre-tax figure was struck after depreciation of £226,000 against £178,000, and loan stock interest of £10,000 (same).

Tax was down from £530,000 to £402,000, leaving £372,000 against £490,000. Earnings per 25p share were lower at 3.78p (4.98p). Dividends absorb £164,000 (same).

On a CCA basis, pre-tax profits were £623,000 (£899,000).

Current year outlook for NMC Invts.

Mr N. H. Marshall, the chairman of NMC Investments, says he is optimistic about the company's future, provided profitability of British industry recovers so that adequate returns are available on risk capital.

He adds, in his review for the year to March 31 1982, that although he does not expect the Government to adopt an overt policy of direct stimulation to the UK economy, he does expect interest rates and inflation to move lower over the next year and opportunities available to small, well managed and soundly financed companies to increase.

He points out that the group's packaging companies have achieved real growth during the current recession and that he expects the new money raised by the recent rights issue to make a "substantial" contribution to profits.

The group, a fibre board container manufacturer and investment concern, announced that it was seeking to raise £0.5m by a one-for-one rights issue at 12½p earlier this month. East Rand Consolidated, which owns 46.46 per cent of the group, indicated that it would probably take up its full entitlement.

As reported on August 4 NMC recovered from pre-tax losses of £10,020 to profits of £23,815 for the year to end-March 1982.

Its consolidated balance-sheet shows shareholders' funds at £769,233 (£828,668). Net current assets increased by £50,532 (£141,922). Meeting will be held at 25-35 City Road, EC, on September 2, at noon.

Road haulage improves and TDG passes £8m midway

A RISE from £7.16m to £8.01m in pre-tax profits is reported by Transport Development Group for the half-year to June 30, 1982. Turnover of this holding company engaged in road transport, warehousing, distribution, cold storage, export packing, industrial removals, plant hire, exhibitions and manufacture of steel reinforcement, rose from £131.57m to £164.28m.

The interim dividend is unchanged at 1.45p net—last year's total was 4.25p from pre-tax profits of £16.02m.

The directors say that in the UK, road haulage — usually an early indicator of economic change—has shown an improvement despite a set-back during the harsh weather at the start of the year.

Although storage continued to decline, a number of stores now report increased activity. The reinforcement companies could not avoid problems of the steel industry, but maintained market share and made a profit. The exhibition companies, after a loss last year, also made a small profit, say the directors. Overseas companies provided strong support.

They say improvement overall in the second half is dependent on present trends continuing.

The halftime pre-tax figure was truck after depreciation up from £8.98m to £10.29m, interest charges of £2.67m (£1.2m) and redundancy costs of £283,000 compared with £238,000.

Tax took £3.82m against £3.1m, leaving £4.2m (£4.06m). Attributable profit to ordinary shareholders amounted to £3.91m (£3.89m) and stated earnings per 25p share were 2.94p (2.93p) or 2.82p (2.77p) fully taxed. Net asset value per share improved from 90.6p to 92.2p.

Extraordinary items are excluded from the interim figures. They principally relate to a deficit on translation of overseas currencies amounting to £479,000 (£1.25m surplus).

An analysis of pre-tax profits by division shows (in £000s): road haulage, £5,671 (£4,149); storage, £3,113 (£3,419); plant hire and other transport services, £600 (£332); reinforcement and exhibitions, £1,300 (£451).

The directors point out that acquisitions in the second half of last year in the U.S. and Canada make comparison with previous figures difficult.

New acquisitions contributed turnover of £17.7m and a profit before interest of £800,000. Because of high interest rates, and the seasonal nature of the reinforcement business in North America, real benefit has yet to come through from these acquisitions.

● **comment**

If it is true that the transport industry is a barometer of industrial activity, then the CBI might be surprised to learn that the road haulage division of Transport Development Group has achieved a 37 per cent rise in interim pre-tax profits. But although the order book is improving it is still a day-to-day affair, and the knock-on effects of the British Rail strikes have not been very significant. Intervention from Brussels to reduce food mountains led to falling cold storage rates, but TDG claims that the storage market generally has started to harden. Last year's U.S. acquisitions just about broke even net of financing charges, but should show net profits in the second half. TDG has quite a bit of acquiring still to do, if it is to realise its aim of a 50-50 UK-overseas assets split. Gearing, though 12 points up, is still under 30 per cent, so shareholders can keep their hands in their pockets for the time being. Assuming that there is no increase in the final payout, the shares, unchanged at 73p, yield 8.5 per cent, £18m pre-tax seems on the cards for the year, giving a p/e of about 11.5.

Note of optimism at Initial

IN HIS review accompanying the report and accounts of Initial chairman, Mr Nicholas Wills, strikes an optimistic note for the current year.

He states that the search for improvements in efficiency will go on, so that despite difficult trading conditions the established businesses should continue to make satisfactory contributions to group profit.

At the same time expansion into new territories and services can also be expected to continue with some of the new businesses starting to make early contributions.

As already known, pre-tax profits for the year ended March 31 1982 rose from £19.71m to £22.92m. Turnover was £166.1m (£145.3m).

Commenting on the UK market, Mr Wills states that in the services divisions trading conditions necessitated a major realignment of production resources to meet falling market demand and considerable effort was directed during the year toward this end.

All divisions responded quickly to the changed circumstances with the result that costs were successfully contained.

The long-established linen supply division again produced satisfactory profits by concentrating processing in the most efficient plants.

Improved profit levels are currently being earned by Initial Service Cleaners, and a material advance is anticipated in the coming year.

The overseas share of profit increased from 11.9 per cent to 14.5 per cent even without any contribution from the U.S. or Spain. Holland continued to dominate the overseas sector; however record levels of turnover and profit were achieved in Belgium. The figures from France incorporated the results of the associate company S.A. Decroix-STFA for the first time.

The acquisition of Consolidated Laundries in January 1982 provides a substantial foothold in the textile rental market within the North Eastern states of the U.S.

Operating bounderies have recently been further extended in Spain through a 40 per cent interest in a newly-created subsidiary.

The British Traction Company holds 41 per cent of the group's ordinary shares.

Meeting, Chartered Accountants' Hall, EC, September 3, at 12.15 pm.

Property Security over £2m

TAXABLE PROFITS of Property Security Investment Trust advanced from £1.35m to £2.04m for the 12 months to March 31 1982 and the dividend for the year is being stepped up from an equivalent of 1.44p, after allowing for the one-for-four scrip, to 1.8p net per 50p share by a final of 1.3p, as forecast.

Turnover for the year rose from £7.36m to £8.43m and was made up as to rents receivable £5.37m (£4.81m) and sales by dealing subsidiaries £3.06m (£2.56m).

The pre-tax figures included higher net property and investment income of £6.21m, against £4.57m, interest charges up from £3.84m to £4.14m, administration expenses of £236,000 (£197,000), dealing profit £198,000 (£1.1m) and finance costs of £2,000 (£120,000).

Tax paid was much the same at £423,000 (£401,000) after which the net balance emerged (£762,000) higher at £1.61m. Extraordinary credits added £186,000, against £531,000 previously.

Stated earnings per share on a net basis, pre-extraordinary items, came through at 3.53p (2.09p). Comparisons have been adjusted to allow for the rights and scrip issues.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Horizon Travel ......int.	0.8	Oct. 6	0.58*	—	3*
Murray Caledonian	2.7§	Oct. 13	1.5	4.2	2.5
int.	2	Feb. 7	1.5	—	4.2
Property Security Inv. .	1.3†	Oct. 1	1.04*	1.8	1.44*
Relyon Group ....int.	1.67	Oct. 4	1.67*	—	4.38*
TDG ....int.	1.45	Nov 8	1.45	—	4.25

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.
§ Total of not less than 5.5p forecast for 1982/83.

Horizon Travel £1.44m ahead after six months

LARGELY BECAUSE of record carryings in the past Winter first half taxable profits of **Horizon Travel** advanced sharply from £650,793 to £2.09m—the group is the second biggest Winter operator.

The directors warn, however, that the first half results are never indicative of the full year outturn and that the net interim dividend, up from an adjusted 0.575p to 0.8p per 25p share, does not necessarily indicate a comparable increase in the final payment. Half year stated earnings per share rose from 0.79p to 2.25p.

For 1980/81 this air holiday and travel agent group paid dividends totalling 3p, after allowing for a one-for-one scrip issue, from pre-tax profits of £13.33m.

It is pointed out that holidays sold for the current Summer are again at record levels and that the group is expected to carry some 330,000, an increase of about 10 per cent on last year.

However, recent strong bookings have not offset relatively poor trading conditions in May and June and as a result, the overall Summer load factor will be below 90 per cent with a corresponding effect on profitability.

At present, next Winter's bookings are marginally below those of the same time last year although in the last few weeks new reservation have been "markedly up" and the directors expect the group to shortly overtake the comparable position of a year ago.

The group's market share continues to increase and the introduction of Glasgow, Newcastle and Bistol to its 1983 programme should add impetus to this growth, the directors say.

They add that current trends suggest that profits for the year to November 30 should sligity exceed last year's level.

First half turnover, covering the six months to May 31, expanded by £11.87m to £40.46m.

Tax paid rose from £362,337 to £1.14m leaving net profits of £945,948 (£283,4561 to which minorities added £5,687.

Dividends will absorb £338,081, against £242,880 previously.

The directors say that as stated in the 1980/81 annual report bookings for winter 1981/82 were an all-time high at 107,000—15 per cent up on the previous winter.

Against an overall market reported to be some 4 to 5 per cent down, present bookings for summer 1982 amount to 314,000, against 277,000 at the equivalent date last year—just over 10 per cent up on a seasonally adjusted basis. Bookings for Gatwick departures show 60 per cent growth.

The group's overall market share has increased and it is now the third largest operator in the UK.

Although it is comparatively early in the booking season, bookings for winter 1982/83 are approximately 2,000 less than at the same time last year but the current weekly inflow of bookings is higher than last yearll Bookings for winter sports are a third up. Gatwick bookings have increased considerably, and bookings from the new departure point of Bristol are satisfactory, with 20 per cent capacity sold. Industry figures suggest that the group is achieving more winter bookings from Bristol than any other operator.

The profit contribution in the half-year from Orion Airways was substantially increased. Aircraft utilisation in the December/May period averaged over nine hours per day.

The occupancy level at the Hotel Indalo reached 100 per cent in May and again in June. The El Moresen reopened in March and although occupancy levels have been lower they are now improving. The Lord Nelson, Minorca, reopened in May—the occupancy level in June was 100 per cent.

Construction is progressing at the Puehlo Indalo, Majorca, with the three-storey elevations surrounding the central square having been erected and "topped out." The first six-unit apartment block has also been completed and furnished.

The first phase, consisting of 76 accommodation units, restaurants, shops and the main square, will be completed in early 1983 and marketing will take place on the Spanish market next summer. The second phase will be completed in 1984 and Pueblo Indalo will feature in the group's summer 1984 brochure.

A statement following the results said that low bookings between mid-May and mid-July had probably cost around £3m in terms of profits for the current financial year.

The unlikely combination of the Falklands crisis, the World Cup, and the Pope's visit were among the factors affecting the holidays market, the statement added.

It continued, however, that business over recent weeks had picked up sharply again, and was said to be running between 25 per cent and 30 per cent ahead of the same period last year on a weekly basis.

The lost ground will not be made up and the group's full year forecast is for profits only "slightly" in excess of those for 1980-81.

● comment

Horizon's first half benefited by some £1m in extra interest received. Even so profit from operations doubled with winter carryings up 20 per cent. In a market that shows a decline of over 4 per cent the group is advancing mainly by winning market share but is also picking up business that would have gone to Laker. Major factors in raising market share is the move towards national coverage of departure points rather than its traditional centres at Birmingham, East Midlands and Manchester airports though these still account for 75 per cent of business. The unexpected downturn in trade in May and June this year could lop some £3m off the full-time profit figures though the upturn of more than 25 per cent in the present level of bookings might partially offset this. There will also be another sizeable contribution from interest on its large cash holdings. These presently stand around £32m including proceeds of last year's rights issue and advance payments on bookings. Some of this will be required to fund the development of the self catering complex at Indola which, when complete in 1985-86, will have absorbed around £5m and should be contributing over £1m to annual profits. The forecast of only slight growth for the year left shares down 7p to 181p putting the prospective p/e around 11 on little changed results.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Adams and Gibbon, Commercial Union Assurance, Fleming Mercantile Investment Trust, Kennedy Brookes, Ocean Transport and Trading, Smith and Nephew, Trincentrol, York Mount.

Finals—Aeronautical and General Instruments, Cooper Industries, Crouch Group, Oura Mill, Group Investors, M.L. Holdings

FUTURE DATES

Interims—

Anglo-International Invest Tst ... Aug 12
Guardian Royal Exchange Assce ... Sept 1
Low and Bonar ... Sept 13
Sun Alliance and London Ins ... Sept 1
Vogelstruisbult Metal ... Aug 11

Finals—

Gold Fields of South Africa ... Aug 17
Gold Fields Property ... Aug 11
Kennedy Smale ... Aug 18
Newmark (Louis) ... Aug 19
New Witwatersrand Gold ... Aug 11
Victor Products (Wallsend) ... Aug 18

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$325	2	18	—	—	—	—	$336.50
GOLD C	$350	—	—	19	21	—	—	"
GOLD C	$375	—	—	20	12	—	—	"
GOLD C	$400	—	—	10	4	—	—	"
GOLD P	$300	—	—	15	5.50	—	—	"
GOLD P	$325	—	—	30	11	5	18	"
GOLD P	$350	18	15 A	5	24	—	—	"
13¾ NL 81 87-91								
C	F.110	101	2.30	—	—	—	—	F.112.40
C	F.115	—	—	1	0.80	—	—	"
P	F.112.50	150	1	—	—	—	—	"
10¾ NL 80 86-95								
C	F.100	5	1.70	—	—	15	2.70	F.101.70
C	F.102.50	—	—	10	1.50	—	—	"
11¼ NL 82 88-92								
C	F.102.50	—	—	150	1.70	—	—	F.102.50
		Oct.		Jan.		April		
ABN C	F.260	20	8.50	—	—	—	—	F.267
ABN C	F.280	50	2	9	5.10	—	—	"
ABN C	F.300	—	—	3	1	—	—	"
ABN P	F.260	65	8	—	—	—	—	"
ABN P	F.280	1	24	—	—	—	—	"
AKZO C	F25	4	1.50	—	—	15	2.40	F.25
AKZO C	F.27.50	6	0.50	—	—	15	1.40	"
AKZO P	F.25	72	1.20	—	—	9	1.70	
AMRO C	F.45	34	0.60	15	1.60	5	2.40	F.40.80
AMRO P	F.40	10	2	1	2.30	—	—	"
AMRO P	F.45	92	5.80	—	—	—	—	"
HEIN C	F.65	26	2	—	—	—	—	F.55.40
HEIN P	F.55	7	0.50	—	—	—	—	"
HEIN P	F.60	—	—	1	1.80	—	—	"
HEIN P	F.65	5	3	—	—	—	—	"
HOOG C	F.15	—	—	—	—	1	1.60	F.14.50
HOOG P	F.15	20	0.80 B	—	—	—	—	"
IBM C	$60	1	5¼	—	—	—	—	$65
IBM C	$65	—	—	7	3¾	—	—	"
IBM P	F.60	12	1⅛	—	—	—	—	"
IBM P	F.65	5	3¼	—	—	—	—	"
IBM P	$70	—	—	—	—	5	7	"
KLM C	F.80	45	5.90	20	7.70	—	—	F.81.50
KLM C	F.90	32	1.80	11	3.40	—	—	"
KLM C	F.100	—	—	12	1.50	—	—	"
KLM P	F.80	41	3.50	10	5 B	—	—	"
KLM P	F.100	2	18.50	—	—	—	—	"
NEDL C	F.100	2	7.50	—	—	—	—	F.106.50
NEDL P	F.100	—	—	2	3	—	—	"
NEDL P	F.110	7	5.50 B	1	7	—	—	"
NEDL P	F.120	2	14.50 A	—	—	—	—	"
NATN C	F.115	5	1.80	—	—	—	—	F.113.90
NATN C	F.120	—	—	5	1.30	—	—	"
NATN P	F.110	5	1.50	1	2.70	—	—	
PHIL C	F.22.50	67	1.60	—	—	72	2.50	F.23.40
PHIL C	F.25	56	0.50	9	1	41	1.20	"
PHIL P	F.22.50	25	0.40	5	0.70	20	1	"
PHIL P	F.25	13	1.70	10	1.70	—	—	"
RD C	F.80	68	3.50A	25	5	20	6.50	F.80.60
RD C	F.90	31	0.50	—	—	5	2.60	"
RD C	F.100	28	0.20	4	0.60	—	—	"
RD P	F.80	277	4	10	4	—	—	"
RD P	F.90	315	12	5	12	—	—	"
UNIL C	F.150	1	4.50	—	—	—	—	F.150.20
UNIL C	F.160	4	1.20	4	2.50	—	—	"
UNIL P	F.140	—	—	—	—	2	2	"
UNIL P	F.150	11	4	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 2,349

A=Asked B=Bid C=Call P=Put

CONTRACTS

£6m orders for Tarmac

TARMAC REGIONAL CONSTRUCTION has a batch of new contracts which together total nearly £6m, and include a £1.8m scheme to build three factories and offices on the Stafford Park Industrial Estate, Telford for the Telford Development Corporation.

Two local authority housing improvements and modernisation awards cover 175 homes at Heathfield, Birmingham (£1.5m) and 120 homes at Cardale, Nottingham.

Other work includes refurbishing an existing building and constructing two new wings at Leeds for English Industrial Estates (£934.0001, and a new supermarket at Clevedon, Avon, at a cost of £559,000 for Kwiksave Discount Group.

★

AN ENGINE house and boiler house for the Midlands Electricity Board's combined heat and power station at Fort Dunlop, Birmingham, will be built by SIR ROBERT McALPINE & SONS under a £2.1m contract.

Some 10,000 cubic metres of excavation will be involved in the provision of foundations and civil engineering works for the structural steel framed buildings to be erected on a 1.3 hectare site.

★

BUCKLE & PARTNERS are the mechanical and electrical consultants for a project to upgrade the pharmacy and pathology departments of the Queen Alexandra Hospital at Harlow. A major element of the work here is the provision of air conditioning in the pharmacy section.

★

REFURBISHMENT work for BOVIS is worth around £375,000. Projects are a £280,000 job at Navigation House, London EC3 for P & O and £95,000 worth at rehearsal studios for the English National Opera at Lilian Baylis House, Hampstead.

★

A DEVELOPMENT claimed to be unique to MARCONI COMMUNICATIONS SYSTEMS, has just won a multi-million pounds contract for British Telecom. Marconi is to provide 250 Supergroup and 250 Hypergroup codecs for use in the refurbishment of British Telecom's international and domestic telephone networks. These Marconi codecs are so important because they are the first to provide an interface which enables existing pre-digital networks to be used for digital working until, eventually, they are replaced by a completely digital network. Thus digital technology can be introduced, relatively cheaply, into analogue circuits to improve cost-effectiveness, performance and reliability, says the company.

★

BRENGREEN (HOLDINGS) subsidiary EXCLUSIVE CLEANSING SERVICES has been awarded the cleansing contract for Chiltern District Council. It is worth £600,000 per annum, or £3m over the contract period of five years. The contract starts on November 1. Exclusive Cleaning Group has also secured the contract for the general cleaning and window cleaning at the Palace of Westminster. Value of the contract, which starts on October 11, is £250,000. This is the first time that the whole of the Palace of Westminster has been cleansed by a private contractor.

★

PRUDENTIAL PENSIONS, one of Britain's largest pension funds, has placed the building contract for a 53,000 sq ft office development at Bedford Park, Croydon with WALTER LAWRENCE & SONS which is to cost about £3m to build.

★

SIR ALFRED McALPINE & SON (SOUTHERN) have been awarded two contracts together worth over £1.2m. Largest is for construction of the Gloucester inner relief road (stage 2), for Gloucestershire County Council, at a cost of just over £870,000. It comprises demolition of existing buildings, construction of roadworks of varying width, and associated works to revise the traffic patterns in Station Road/Market Parade in the centre of Gloucester. When completed, these roadworks will form a link between the three main routes of Worcester Street, Northgate and Barton Street. The contract is due to be completed in 72 weeks. For the British Rail Property Board, McAlpine are to carry out roadworks, fencing and drainage on the Bath gyratory road at a cost of £361,500. Work is scheduled for completion in 21 weeks.

★

ZIMMER AG (FRANKFURT/MAIN) has received a contract worth DM 9m (£2.1m) from China National Technical Import Corporation to build a high-speed spinning plant at Nantong for the Nantong Textile Industry Corporation. The plant will produce 4,700 tons of partially oriented yarn per year using decrystallised polyester chips as feedstock. Zimmer will supply the process, the entire engineering and equipment and will be responsible for the supervision of erection and commissioning, which has been scheduled for 1984. Zimmer AG is a subsidiary of Davy McKee, the engineering and construction organisation of Davy Corporation.

★

ORDERS FOR a new-technology computer-generated visual system for flight simulators employing microprocessors have now reached £10m, says the Link-Miles division of THE SINGER COMPANY (UK).

★

LONDON AND NORTHERN GROUP has been awarded contracts worth £1.4m in the Midlands and North West. Border Engineering Contractors, Whitehaven-based civil engineering company has been awarded contracts worth £700,000 in North West England and Southern Scotland. These include the mains extension to Lammonbie/Millhousebridge worth £187,000 for Dumfries and Galloway Regional Council, two contracts for Cumbria County Council for repairs at Workington Harbour and alterations at Ingwell School, Whitehaven, valued at £132,000.

In the Midlands, E. Fletcher Builders (Midlands) has been awarded contracts worth £448,000 to construct a public house at Westbury Park, Clayton, Newcastle (Staffs.) for Allied Breweries and to make alterations to two public houses for Bass Worthington. In a contract worth £317,000, Fletchers will also construct 22 aged persons flats at Macclesfield for Templer Housing Society.

★

CONSTRUCTION commenced recently on a new £3.9m leisure pool for the Royal Borough of Kingston Upon Thames according to E. C. Harris and Partners, who are supplying full quantity surveying services for the project. Contractor for the 18-month contract is Laing Management Contracting.

Australian mines step gingerly to cut costs

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH Australia's mining industry is suffering like others in the world from the weakness of metal markets, it has so far been able to avoid the severe mine closures and lay-offs of employees that have become commonplace in Canada and the U.S.

But with companies going deeper into the red, Australian mining is urgently having to find ways of tackling the problem of rising costs.

It is still, however, setting its face against full-scale close-downs of mines with the consequent redundancies in the workforce which would bring severe political and labour union problems.

Western Mining has thus taken the decision to freeze salaries of executive and staff members until at least next June when the position will be reviewed.

As far as the production workers are concerned the company has achieved a small, but perhaps significant, step in getting them to agree to a moratorium on the claim for a shorter working week.

Sir Arvi Parbo, the Western Mining chairman, said: "Our problems arise partly because of very depressed markets for our products and partly from costs in Australia which continue escalating without regard to the world around us."

Meanwhile, the tin-producing **Aberfoyle** has become another operation in Tasmania to announce temporary closures of operations. Its Cleveland and Ardlethan tin mines are to shut for six weeks in December-January in order, it is stated, to help slow the rate of financial loss and to avoid widespread staff lay-offs.

An Aberfoyle spokesman said that there were no plans to reduce output at the company's high grade Que River silver-lead-zinc mine in which **Paringa** has a 10 per cent stake.

As already reported, the **Consolidated Gold Fields** group's **Renison** mine in Tasmania has also been hit by low tin prices and the export sales quotas imposed by the International Tin Agreement.

In order to avoid laying-off employees it intends to carry on at the existing production rate and to stockpile the surplus output. It also plans to close for a month at the end of the year and to heavily cut down on capital spending. Two temporary closures, each of one month, are planned for the group's loss-making **Mount Lyell** copper mine. making Mount Lyell copper mine.

Whether such moves will be sufficient to tide the various companies over until the hoped-for recovery in metal markets comes about, however, remains to be seen.

Botrest losses grow heavier

THE PLIGHT of **Botswana RST's** (Botrest) Selebi-Phikwe copper-nickel mine in Botswana, worsened further in the first half of this year. Operating profits dropped to 3.6m pula (£1.9m) from 9.1m pula in January-June 1981 and the accumulated deficit climbed to 216.7m pula from 143.8m pula at the end of December, reports **Bernard Simon** from **Johannesburg.**

The mine, whose main shareholders are Anglo American Corporation and Amax, is clearly being kept in production for political reasons only. It is the largest private sector employer in Botswana and a key source of foreign exchange.

Botrest's main shareholders and creditors agreed to an extensive restructuring of the company's debt earlier this year, including emergency funding from the Botswana Government.

Earnings have suffered from the continuing decline in prices for the mine's products, copper, nickel and cobalt. According to the directors, "the intense competition for sales in this depressed market has caused producers of each of these metals to sell at less than list prices."

The fall in prices has been partly offset by the decline of the pula against the U.S. dollar. Its Exchange rate benefits on sales should be more marked in the second half of the year since the pula was devalued by 10 per cent in May.

On the other hand, the devaluation has increased the cost of Botrest's foreign loan repayments, pushing up foreign exchange losses to 36.6m pula in the past half-year from 8.2m pula a year ago.

The directors say they are confident that the debt restructuring will enable the mine to continue operating "for many years," provided "a reasonable level of world metal prices is achieved."

Hudbay interim loss of C$38m

THE Anglo American Corporation group's Canadian arm, **Hudson Bay Mining and Smelting** reports a second quarter loss of C$14m (£6.6m) which makes a loss of C$38.1m for the first half of this year. There was a profit of C$9.9m in the same period of 1981.

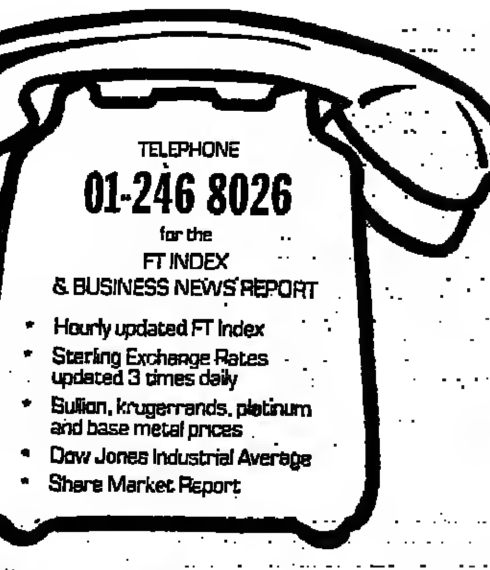
Not surprisingly, Hudbay has decided not to declare the quarterly dividend which is normally paid in September. The company also omitted the dividend normally paid in June. Its last quarterly distribution was of 10 cents paid in February.

Hudbay's second quarter results include a loss of C$6.5m from the 50 per cent-owned **Inspiration Consolidated Copper**; the other 50 per cent is held by **Minerals and Resources Corporation (Minorco).**

Benguet profit down by 71% in first half

A FALL of 71 per cent in first half earnings has been sustained by **Benguet**, the major producer of copper and gold in the Philippines, reports **Leo Gonzaga** from **Manila.** Net income dropped to pesos 31.1m (£2.12m) from pesos 107.5m in the same period of last year.

Benguet produces gold with silver by-product at its own property in Itogon (Benguet Province, Northern Luzon), copper with gold and silver by-products at the property of Dizon Mines in San Marcelino (Zambales Province, West Central Luzon) which it operates under contract, and chromite in the property of Consolidated Mines in Masinloc which Benguet also operates under contract.



Companies and Markets

BIDS AND DEALS

Newman Industries seeks further financial support

BY RAY MAUGHAN

Newman Industries, the fastenings, engineering and electric motor manufacturer, is arranging terms of further support from its major Singapore-based shareholder, Cycle & Carriage.

Cycle & Carriage injected a badly needed £8m into Newman in November 1980 in return for equity and loan stock which, on conversion, gives the Singapore shareholder majority control at just over 50 per cent. Now, however, Newman needs more extensive help and approaches are being made to other outside shareholders.

Aid is already at hand from two sources. Finance for Industry and the United Kingdom Temperance and General Provident Institution are standing by to provide fresh equity capital provided other investors come in. Midland Bank, Newman's sole clearing banker, is continuing its support.

Newman expects to have completed the canvas of City institutions by the beginning of next month and the proposals will then be put to existing shareholders for their approval. The shares were suspended yesterday at 8p—capitalising the group at just £2.8m—and dealings will remain frozen until the refinancing package is complete.

The accounts for calendar 1981 are now being finalised, Newman announced yesterday, and will be despatched in conjunction with the re-structuring package.

The group's debts are understood to stand at over £30m and shareholders' funds are thought to have shrunk below £10m.

The transfer of the troubled ceramics businesses of Grindleys of Stoke, Barker Brothers and Cartwright and Edwards to a new holding company, Federated Potteries, cut borrowings by £2.4m (while trimming net assets by about £1.5m) and rid Newman of a chronic loss-maker.

The disposal also introduced Newman to a potentially important new ally. UK Provident, having backed the management team which founded Federated to the extent of taking a 40 per cent holding, met and appear to have been impressed by Newman's management.

Ward White in new U.S. move

Ward White, the Northamptonshire-based footwear group, is poised to take another step in its policy of diversifying away from non-specialised manufacturing and into UK and U.S. retailing operations.

The latest move will also add again to the group's growing presence in the U.S., perhaps lifting annual turnover there to over $100m.

Mr John Sharpe, Ward White's finance director, said yesterday that the group was well advanced in talks to acquire a private shoe retailing business based on the east coast of the U.S. with 44 retail outlets and sales in its last financial year of $36m.

The name of the prospective subsidiary was not disclosed, pending completion of the talks. Mr Sharpe said this would probably be within weeks, perhaps even days, though no final agreements had yet been reached.

The purchase price is expected to be about £14m, with about £9m payable on completion and the balance over three years. Medium term bank loans would finance the acquisition but the target company is cash rich and Ward White would retain "maximum flexibility" on the future shape of its balance sheet, said Mr Sharpe.

Ward bought Childs Corporation of the U.S. for £7m in 1980 and Kushins Shoes of the U.S. for £4.8m in August of last year. The proposed deal is understood to be larger than either of these and would lift significantly the total overseas share of the group's annual sales, already just under 50 per cent.

Ward's shares closed at 57p, down 1p.

Shackleton and Europa to merge

Shakleton Petroleum Corporation and Europa Petroleum Inc, two parts of the oil exploration empire of Mr Bob Lamond of the Calgary-based Czar Resources, have agreed terms of a proposed merger.

This involves the alteration of Shackleton's authorised capital, the change of name to Shackleton and the acquisition of Europa by Shackleton.

The aim of the merger is to create a larger company with the financial capacity to compete more effectively in the oil and gas industry in North America, the two companies said.

Shackleton is a Canadian public oil and gas company whose shares are listed on the Vancouver Stock Exchange and on the Stock Exchange in London under Rule 163(1e). Europa Inc is a U.S. public oil and gas company whose shares are not listed on any exchange.

After the merger has been approved, application will be made to list all of the shares of the merged company on the Vancouver Stock Exchange.

The merged company does not plan to participate in oil and gas exploration under current industry and economic conditions. It will use available cash and new equity to acquire producing properties in Canada and the U.S., and for drilling operations on properties in which it already has an interest.

Shackleton had total assets of C$7.31m on March 31, while Europa had assets of US$10.89m.

Shackleton will consolidate all its issued and outstanding common shares on the basis of one common share for each 10 common shares presently outstanding and the creation of enough common shares so that its authorised capital will be 30m common shares.

Shackleton will then change its name to Europa Petroleum Ltd.—"the merged company."

Europa Inc. and a wholly-owned subsidiary of the merged company will then be merged into a single subsidiary whereby every 10 shares of Europa Inc. will be converted into 1.8m common shares of the merged company.

Thereafter, Europa Inc. will be a wholly-owned subsidiary of the merged company, and the former holders of Europa Inc. shares and Shackleton shares will hold common shares in the merged company.

Sturla holds 7.5% stake in Greenbank Tst.

Sturla Holdings, the leasing and finance group, disclosed a 7.5 per cent holding in Greenbank Trust yesterday, although the transaction is understood to have taken place over a month ago. Mr Robert Knight, chairman of Sturla, was careful however to dispel any notion that another attempt to merge with Greenbank had been contemplated.

A deal folded last summer on the failure to agree the terms of a preference share to be issued as consideration, but Mr Knight said that the latest move, executed by Sturla's recently acquired investment vehicle, First Guernsey Securities, was undertaken solely as an investment.

Greenbank's major shareholder, Malton Financial Services, also announced the sale of 200,000 Greenbank shares yesterday at 145p per share. All but 8,000 of this stake has gone to Flight Property Group cutting the equity held by Malton, controlled by former stockbroker Mr Tony Rudd, to 26 per cent or 208,000 shares.

Ferranti to acquire Image Data

Ferranti, the electronics group, has reached agreement in principle to acquire the entire assets of Image Data Products of Bristol, which is now in receivership.

Image Data, which employs about 10 people, makes graphical input devices and microcomputer systems. Its main product is a graphical input tablet which allows graphs and charts, handwriting and marks such as ticks and crosses to be fed directly in a computer.

No price has yet been agreed but an announcement has been made so that Image Data's cus made so that Image Data's company will be rescued, Ferranti said.

INTASUN PLANS

Intasun Leisure Group has reached an advanced stage in the purchase of Schoolplan Tours.

Schoolplan specialises in inclusive holidays abroad for school parties, with the emphasis on ski-ing. The company also runs adult ski-ing holidays. Schoolplan organises approximately 70,000 holidays a year.

Shareholders will be given more detailed information when negotiations have been completed.

PHICOM/TSW

Phicom has sold their entire holding of 581,250 ordinary shares (2.78 per cent) of TSW-Television South West Holdings at 131p per share.

THE TRING HALL USM INDEX
126.2 (−0.9)
Close of business 9/8/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
538-543 (−7)

LONDON TRADED OPTIONS

August 2 Total Contracts 2,493 Calls 1,688 Puts 805

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	200	18	43	26	3	34	—	280p
BP (c)	280	7	8	14	38	24	—	"
BP (c)	330	3	1	6	—	—	—	"
BP (p)	260	14	87	12	2	24	—	"
BP (p)	280	28	11	34	—	40	—	"
CU (c)	120	21	2	23	—	—	—	137p
CU (c)	130	14	8	16	—	21	2	"
CU (c)	140	7	33	12	—	16	—	"
CU (c)	160	3½	4	6	—	7	—	"
CU (p)	140	10	4	15	—	17	—	"
Cons. Gld (c)	330	70	2	77	—	—	—	380p
Cons. Gld (c)	360	50	1	55	—	—	—	"
Cons. Gld (c)	390	20	—	32	—	42	2	"
Cons. Gld (c)	420	7	7	18	—	22	1	"
Cons. Gld (p)	390	28	7	46	—	60	—	"
Cons. Gld (p)	420	54	—	62	—	70	1	"
Ctlds. (c)	70	13	5	16	—	—	—	80p
Ctlds. (c)	80	5	5	2	6	11	—	"
Ctlds. (c)	100	1	1	2½	—	—	—	"
Ctlds. (p)	80	3	—	7	7	10	—	"
Ctlds. (p)	90	14	16	16	—	18	—	"
GEC (p)	1000	25	1	32	2	45	—	£10⅛
GEC (p)	1100	83	6	90	1	98	—	"
Gr'd Met. (c)	174	65	5	—		—	—	238p
Gr'd Met. (c)	200	32	2	45	10	—	—	"
Gr'd Met. (c)	214	25	2	32	—	—	—	"
Gr'd Met. (c)	220	21	5	26	—	—	—	"
Gr'd Met. (c)	240	11	60	15	2	21	—	"
Gr'd Met. (c)	260	4½	1	2	—	16	—	"
Gr'd Met. (p)	220	7	1	2	10	—	—	"
Gr'd Met. (p)	240	16	13	17	1	20	—	"
ICI (c)	280	12	1	22	8	32	—	280p
ICI (c)	300	5	—	12	4	20	—	"
ICI (c)	330	5	22	5	—	12	—	"
ICI (p)	280	12	14	25	3	26	—	"
ICI (p)	300	30	10	34	—	38	—	"
ICI (p)	330	60	8	52	—	55	—	"
Land Sec. (c)	300	4	—	11	—	16	1	273p
Land Sec. (p)	300	31	—	34	2	32	1	"
Mks & Sp. (c)	180	8½	2	14	3	15	—	158p
Mks & Sp. (p)	160	3	18	11	3	13	—	"
Mks & Sp. (p)	180	23	24	83	1	28	—	"
Shell (c)	360	24	—	32	2	40	—	368p
Shell (c)	380	7	13	20	2	28	—	"
Shell (c)	420	3	11	11	—	15	—	"
Shell (c)	460	1½	8	3	—	—	—	"
Shell (p)	360	12	3	13	—	20	—	"
Shell (p)	390	30	85	33	37	40	10	"
Shell (p)	420	38	1	32	—	64	—	"
		August		November		February		
Barclays (c)	360	90	—	22	1	32	—	375p
Barclays (p)	350	1	—	3	8	12	—	"
Barclays (p)	383	8	8	30	—	33	1	"
Barclays (p)	390	13	4	35	2	43	—	"
Barclays (p)	417	42	—	65	1	—	—	"
Imperial (c)	80	15	—	13	7	—	—	92p
Imperial (c)	90	3½	210	3½	232	10½	2	"
Imperial (c)	100	½	1	5	91	5½	1	"
Imperial (p)	90	1	13	3½	30	3	50	"
Imperial (p)	100	8½	18	11	2	15	8	"
Imperial (p)	110	18½	—	20	33	21½	13	"
Lasmo (c)	280	10	2	30	2	47	—	279p
Lasmo (c)	300	1	—	13	7	37	—	"
Lonrho (p)	70	13	5	17	3	11	—	"
Lonrho (c)	80	6	12	2	338	18	7	86p
Lonrho (c)	20	½	—	4½	12	11	12	"
Lonrho (c)	80	½	—	6	2	5½	15	"
Lonrho (p)	90	3	5	11	—	7	—	"
P & O (c)	120	27	5	38	1	—	—	145p
P & O (c)	130	17	18	24	—	—	—	"
P & O (c)	140	8	23	15	54	21	5	"
P & O (p)	160	1½	—	7	7	11	4	"
Racal (c)	420	32	1	70	—	88	—	468p
Racal (c)	460	13	133	33	55	33	1	"
Racal (p)	420	1	23	8	1	13	3	"
Racal (p)	460	2	87	20	2	83	—	"
Racal (p)	500	33	—	42	18	30	—	"
RTZ (c)	330	70	—	80	1	82	—	392p
RTZ (c)	360	40	1	32	—	35	—	"
RTZ (c)	390	18	3	32	1	40	—	"
RTZ (c)	420	3	—	20	3	28	—	"
RTZ (c)	460	1	—	7	2	13	—	"
RTZ (p)	360	1½	—	2	38	14	1	"
RTZ (p)	390	3	4	28	11	34	—	"
RTZ (p)	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	—	"
Vaal Rfs. (c)	45	5½	—	7	5	8	—	550
Vaal Rfs. (c)	50	1¼	10	3½	5	4½	10	"
Vaal Rfs. (c)	55	½	10	1½	11	3	—	"
Vaal Rfs. (p)	45	½	1	4	—	5¼	—	"

C=Call P=Put

SHARE STAKES

Electrocomponents — Clerical Medical and General Life Assurance Society has bought a further 133,000 shares bringing holding to 5.17m ordinary shares.

Ex-Lands — Jantar, following the purchase of a further 10,000 ordinary shares in the company on July 30 is now beneficially interested in 487,500 shares (10.93 per cent).

United Computer and Technology Holdings — Automated Security Holdings now holds 188,000 ordinary shares (7.52 per cent).

Yorkshire and Lancashire Investment Trust—Asset Special Situations Trust has acquired 600,000 ordinary shares (10 per cent).

Anheuser makes $500m bid for U.S. bakery group

BY PAUL TAYLOR IN NEW YORK

ANHEUSER BUSCH, the largest brewer in the U.S., is to make an agreed takeover bid worth about $500m in shares and cash for Campbell Taggart, the Dallas-based group which is the nation's second largest bread and bakery products manufacturer.

The bid, which represents Anheuser's first major attempt to diversify outside the beer industry, was announced jointly by the boards of the two companies yesterday.

Anheuser will pay $36 a share for 50 per cent of Campbell Taggart. The remaining shares in the bakery group will be exchanged for new Anheuser convertible preferred stock.

The convertible preferred stock will have a redemption value of $40 a share, pay a dividend of 9 per cent a year, will be non-callable for five years and convertible into 0.645 of a share of Anheuser common stock. Shareholders will have the option to chose cash or shares subject to pro-ration.

Anheuser, which had sales last year of $3.85bn, has about 30 per cent of the U.S. beer market. Its main brand, Budweiser, is said to be by far the largest selling beer in the world. The takeover of Campbell Taggart marks a reversal of its previous product diversification strategy which has concentrated largely on internally developed new products and beer related businesses.

Campbell Taggart, which had sales last year of $1.26bn and net income of $41.7m, ranks second after ITT Continental Baking Company, the International Telephone and Telegraph subsidiary. Campbell Taggart's brand names include Rainbo and Colonial bread and the El Chico chain of Mexican restaurants.

Eurocurrency bank credits fall

BY WILLIAM HALL, BANKING CORRESPONDENT

THE VOLUME of new Eurocurrency bank credits in the first half of 1982 is some 13 per cent down on the previous half year. Preliminary data for July—$6.5bn in new Eurocredits—shows a further reduction in the rate of new lending.

Fresh evidence of the sharp slowdown in the growth of international bank lending is contained in the August issue of Morgan Guaranty's World Financial Markets and comes less than a fortnight after the Bank for International Settlements (BIS) released data which showed a sharp deceleration in the growth of international bank lending in the first quarter of 1982. The Morgan Guaranty figures are not as comprehensive as the BIS figures, but they are more up to date.

Morgan says that the slowdown in international lending and the hardening of credit terms reflect a general assessment that the risks involved in international lending have increased.

The banks says that several factors have contributed to increased risks. The world economic slowdown is proving to be more extensive and longer lasting than expected. Primary producers have been particularly hard hit by a drop of a third in non-oil commodity prices from their 1980 highs. High interest rates have substantially increased the debt servicing costs for many developing countries whose export prices have been declining. Quite a few borrowers have half or more of their bank debts falling due in one year or less with the result that such countries "have limited ability to withstand even a temporary disruption of their access to credit markets."

Morgan also notes that various political developments have added to the general perception of increased risk. In particular, Poland's difficulties "have had a very sobering effect on the international banking community."

Despite the increased risks it is important to keep the present situation in perspective and not cut lending too rapidly, says the bank.

"By precipitously withdrawing credit now, banks could worsen the external payments difficulties and thereby the credit risks against which they are trying to protect themselves. Moreover, such action, especially if taken simultaneously by a large number of banks with respect to individual countries, or to whole groups of countries, could force many borrowers to adjust too rapidly. The consequent reductions in imports could have a cumulatively depressive impact on the world economy."

DEBT OWED TO BANKS

End 1981	$bn	% due in one year or less
Mexico	56.9	49
Brazil	52.7	35
Venezuela	26.2	61
Argentina	24.8	47
South Korea	19.9	58
Chile	10.5	40
Philippines	10.2	56
Indonesia	7.2	41
Taiwan	6.6	62
Nigeria	6.0	34

Source: Morgan Guaranty, World Financial Markets

Procter and Gamble boosts earnings

By Our New York Staff

PROCTER AND GAMBLE, the leading U.S. household products manufacturer, improved its net earnings by 14.6 per cent to $165m or $1.99 a share in the final quarter of its fiscal 1981-82 year ending June 30, against $144m or $1.74 a share last year. Sales rose to $2.98bn, against $2.8bn.

The fourth quarter earnings include the effects of three accounting changes which boosted earnings by $3m or 4 cents a share. They resulted in a 16.3 per cent increase in net earnings for the year to $777m or $9.39 a share from $668m or $8.08 a share. Sales were up 5 per cent at $11.99bn, against $11.42bn.

The company said that its earnings from 1981 excluded an extraordinary charge of $75m from the setting up of a reserve to cover the costs of the suspended sales of its Rely tampons which resulted in final net earnings of $583m or $7.17 a share.

Hungary past crisis, says state bank chief

By Our Euromarkets Staff

MR JANOS FEKETE, governor of the National Bank of Hungary, yesterday described the completion of a $260m special 15-bank club loan for Hungary as "a very courageous undertaking by the British clearing banks" among others.

Mr Fekete, in London yesterday for the signing of the deal, was referring to the participation of the UK clearers in the credit. He went on to say that the help of the world's central banks would also be required in "this very special and exceptional period."

"We cannot ask the commercial banks to take all the risk," added Mr Fekete.

Hungary was now past its crisis of the first few months of 1982, during which there was "a run against our bank."

Hungary's total outstanding foreign currency debt is now around $8.6bn. Its foreign exchange reserves are at $600m to $700m and its 1982 maturing debt—principal and interest — amounts to a similar amount.

Mr Fekete said he "hoped" the Bank for International Settlements (BIS) would approve a $300m loan to Hungary at its meeting next month in Basle. A total of $210m of BIS money has been loaned to Hungary so far this year.

The $260m loan, organised by Manufacturers Hanover Trust, could be "a breakthrough" according to Mr Fekete. "We nee dyour help in business, we need your goods and you need our markets," he concluded.

The fact that 15 banks had been willing to lend to Hungary in a commercial credit was a "demonstration" of good faith and confidence by the West.

Canadian Pacific slide

By Our Financial Staff

CANADIAN PACIFIC, the integrated transportation group which has extensive interests in natural resources and in manufacturing, is continuing to reel under the weight of Canada's economic recession. Second quarter earnings have plunged from C$119.6m to C$63.7m (US$51m), leaving half-year profits at C$110.6m, against C$253m previously.

Per share earnings were C$1.53, against C$3.52m for the half-year and 86 cents, against C$1.66 for the second quarter.

Revenues for the six months totalled C$6.28bn, against C$5.9bn last time.

How Gulf Oil shocked Wall Street

Paul Betts finds the collapse of the $5bn Gulf-Cities Service merger proposal could cost investors and speculators as much as $300m to $400m.

THE DECISION by Gulf Oil, sixth largest U.S. oil company and the smaller of the seven sisters, to withdraw suddenly last Friday its $5bn bid for Cities Service, the country's 20th largest oil concern, has left several institutions, investment houses and speculators high and dry.

By some accounts, their losses could total a huge $300m to $400m — the biggest losses ever sustained by the investment community on a single stock.

Cities Service has moved to protect its stock price by proposing to buy back about 25 per cent of its outstanding shares. At the same time it claimed it was discussing a merger proposal with another "major American company" and said if the worst were to happen it would liquidate the company. But the losses of some brokers and risk arbitrageurs will be nonetheless substantial.

Before Gulf announced its decision, Wall Street had regarded the deal as already in the bag. For more than a year, Cities Service had been a takeover target. After an acrimonious battle with smaller Mesa Petroleum, Cities finally found Gulf to rescue it with a friendly $63 a share cash and securities bid. Most people expected anti-trust objections to the merger, the first between two large U.S. integrated oil companies, and the third largest in U.S. corporate history. But the consensus was that these problems would be easily resolved and the marriage consumated.

Gulf's offer was viewed as generous. The speculators and brokers jumped in and acquired substantial positions in Cities Service. They paid between $40 and $60 a share, expecting to make a tidy profit by cashing in their shares at the Gulf offering price. In all, between 15m and 20m Cities Service shares were acquired by Wall Street professionals. These professionals were screaming up the wall yesterday claiming, like Cities Service's management, they were astounded, shocked, stunned and disgusted by the Gulf surprise move, which apparently also took by surprise the investment advisers of Cities Service.

Gulf claimed it was unable to go ahead with the deal because of the tough approach the Federal Trade Commission, the U.S. Government anti-trust watchdog, was adopting towards the proposed merger. The FTC said it would only clear the deal if Gulf shed a substantial number of assets, including a major oil refinery.

Cities Service and several Wall Street Professionals accused Gulf of using the FTC as an excuse. They claimed the company had apparently had second thoughts on the deal and decided to pull out.

Whatever the merits of the argument, the collapse of the merger does reflect a tougher anti-trust policy on the part of the FTC than had ben expected. As early as July 25, the FTC indicated it would seek to block the deal. However, there was widespread optimism that the FTC objections would not torpedo the whole deal and that the two companies would be able to get round the agency's objections.

This optimism was further enhanced by the generally more lenient approach to anti-trust policy by the Reagan Administration, which only recently issued new anti-trust guidelines indicating it would no longer object to a combination of two parties expressed eagerness to consummate the marriage as soon as possible and co-operate in overcoming any anti-trust difficulties.

But even in these days of more accommodating anti-trust enforcement, the FTC was clearly worried by the merger, which would have set an important precedent in U.S. corporate history. Major oil company mergers have traditionally been hot political issues. Barely two years ago they would have been unthinkable, but the Reagan era was expected to change all this. The oil companies, especially Mobil, decided to test the new anti-trust climate, but so far they have failed to pull off one big merger.

The new anti-trust guidelines are by no means as loose as they may seem superficially. The core of the Reagan philosophy is based on the concept of horizontal and vertical mergers.

companies solely because of their size. "Big is not necessarily bad," has become a favourite slogan of the new generation of anti-trust busters.

The anti-trust authorities had previously blocked two attempts by Mobil to acquire another major integrated oil company—first Conoco, then Marathon Oil. But Gulf was thought to stand a better chance than the rival oil giant. Mobil, on both occasions, was making hostile bids. In turn, this meant a direct challenge from the other oil company leading to bitter litigation and the dredging out of the most obscure aspects of anti-trust litigation.

Gulf, on the other hand, was making a friendly bid, and both

Horizontal mergers, whereby two companies with similar types of operations competing in basically the same markets attempt to combine their business, are unacceptable. On the other hand, vertical mergers, however large, now have the Reagan blessing.

These mergers, which extend or complete a vertical chain of integration of two given companies, are no longer deemed as posing an anti-competitive threat. This was the reason why Du Pont was able to acquire Conoco last year in a $7bn deal which is still the largest ever acquisition in the country's history.

Thus the stock market miscalculated and misjudged the new anti-trust policies of the Reagan administration. So did Gulf, apparently. Beyond the immediate impact the FTC has had on the Gulf-Cities Service deal, the events of the last few days have more far-reaching consequences. In large measure, the collapse of the Gulf deal has put the lid, for the time being at least, on major oil company takeovers. Cities Service may well seek another partner, but its search is more likely to be focused on a company other than a major oil concern.

For the market, the Gulf decision has been all the more devastating because the mega-dollar bid was one of the few bright spots in an otherwise depressed stock market with the Dow industrial average down below 800 and little prospect of a rally. As a result, many more professionals played the Gulf game in the absence of any other major action in the market. It also seemed a pretty safe bet.

But even the most obvious deals are risky. If the Gulf-Cities Service saga has taught the market anything, it is that you can never take anything on Wall Street for granted until you have got the money in your pocket.

Widespread falls in Eurodollar bond prices

BY ALAN FRIEDMAN

THE EURODOLLAR bond market saw prices fall by ¼ to ½ point last night after a day of nervous trading.

The day began with prices marked down by as much as one point on the back of Friday's disappointing U.S. M-1 money supply figures and continuing new issue indigestion. But prices recovered later in the day, mainly among seasoned bonds.

New issues have traded poorly over the pasta few days and the Du Pont 14½ paper was quoted yesterday at 97 to 97½ compared with an issue price of par. Deutsche Bank's 14½ per cent bond hit a low of 98 yesterday before recovering to a bid price of 98½ last night.

In West Germany a DM 100m 10-year issue was launched for International Telephone and Telegraph through Deutsche Bank. The coupon is 9½ per cent at par. This issue will not be helped by the news yesterday that Standard and Poor's has cut the ITT credit rating on some subsidiaries from Single A to Triple B.

The Euro D-mark bond sector fell ¼ to ½ point yesterday and the Swiss franc sector was down ¼ point in moderae trading.

A samurai bond is being arranged for Eldorado Nuclear, the Canadian group, through Daiwa Securities. The 10-year issue bears a coupon of 8½ per cent at a price of 99.60 to yield 8.56 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on August 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	102⅞	103⅜	−0⅛	−1⅛	13.79
Amax Int. Fin. 16¼ 92	75	99⅝	100⅛	+0¼	0	15.19
Amax O/S Fin. 14½ 89	75	96⅛	96¾	−0¼	−0⅛	15.08
ATT 14⅜ 89	400	102⅞	103⅜	−0⅝	−1⅛	13.51
Baker Int. Fin. 0.0 92	225	25⅝	26⅛	−1⅛	−1⅛	15.22
BHP Finance 14⅞ 89	150	96⅝	97⅛	−0⅛	−1	15.48
Bk. Amer. NT SA 12 87	200	91⅞	92⅜	−0¼	0	14.37
Bk. Montreal 14½ 87	100	94⅝	95⅛	−0⅛	−0¼	16.02
Bque. Indo Suez 15 89	100	95½	96	−1⅛	−1⅞	16.02
British Col. Hyd. 14¼ 89	200	98⅝	99⅛	−0⅛	−0½	14.96
British Col. Hyd. 15¾ 92	150	100⅞	101⅜	−0⅛	−0⅛	15.01
Canada 14⅛ 87	750	99⅝	99¾	−0⅛	−0¼	14.49
Canadair 15½ 87	150	101⅞	101⅜	−0⅛	−0⅛	14.98
Canadian Pac. 16⅜ 92	75	94⅜	95⅛	−0⅛	0	15.66
Caroline Power 16½ 89	60	104⅜	105⅛	−0⅛	−0⅛	15.23
CIBC 16 87	100	98	98⅞	−0⅛	0	15.48
Citicorp O/S 15 84/92	100	99⅜	99⅞	−0⅛	−0⅞	15.11
Citicorp O/S 15½ 85/97	125	100⅜	101⅛	−0⅛	−0½	14.87
CNA 15⅞ 97	75	100⅜	100⅞	−0⅛	−0⅛	15.71
Con. Illinois 15⅝ 89	100	95⅛	96⅛	+0⅛	−0⅛	16.75
Duke Pwr. O/S 15½ 89	60	100⅛	100⅞	−0⅛	−0⅛	15.29
Dupont O/S Cap. 0.0 90	300	36	36½	−0⅛	−1⅛	14.90
ECSC 14¼ 87 (April)	80	88½	99	−0½	−0⅞	15.07
EIB 15½ 89	150	100⅛	100⅜	−0½	−0⅛	15.28
EIB 15⅜ 92	100	99⅜	100⅛	−0½	−0½	15.51
Eksportfinans 14½ 89	50	98⅛	98⅜	−0½	−1⅛	14.85
Gen. Elec. Credit 0.0 92	400	27⅜	27⅞	−1⅛	−1½	16.47
Gen. Elec. Credit 0.0 93	400	23⅞	24⅜	−1⅛	−1½	14.47
Getty Oil Int. 14 89	125	98⅞	98¼	−0½	−1	14.17
GMAC O/S Fin. 15 89	150	102¼	102⅜	−0⅛	−0⅛	15
GMAC O/S 15¼ 85/97	100	98⅜	99⅛	−0⅛	−0⅛	15.62
GMAC O/S Fin. 15 89	125	99⅛	99⅞	−0⅛	−0½	15.05
GMAC O/S Fin. 15 87	100	99½	100	−0¼	−0¼	15.02
Gulf Canada Ltd 14¾ 92	100	97⅛	97¾	−0⅛	−0⅛	15.21
Gulf Oil 14¼ 94	175	99	99½	−0⅛	−0⅛	14.35
Gulf Oil Fin. 0.0 92	300	27⅛	27⅝	−1⅛	−1⅞	14.51
Int.-Am. Dv. Bk. 15⅝ 87	55	98⅞	99½	−0⅛	−0⅛	15.30
Japan Dev. Bk. 15½ 87	50	104⅛	104⅝	0	+0¼	14.05
New Brunswick 16¼ 89	75	102⅞	103⅜	−0⅛	−0⅛	15.39
Nova Scotia Pr. 15⅝ 89	75	96½	96⅝	—	—	16.15
Ontario Hydro 14⅜ 89	150	99	99½	−0¼	−0⅛	14.88
Pac. Gas & El. 15½ 89	45	101⅞	102¼	−1⅛	−2½	14.91
Phillips Petrol 14 89	200	97	97½	−0½	−1⅛	14.62
R.J. Rynlds. O/S 0.0 92	400	26⅞	27¼	−0⅛	−1¼	14.68
Saskatchewan 16 89	125	101⅝	102⅛	−0⅛	−1⅞	15.48
Shell Canada 14⅜ 92	125	97	97½	−0¼	−0¼	14.89
Spain 15⅜ 87	100	100⅞	101⅜	+0¼	+0⅛	15.31
Superior O/S Fin. 14 89	125	97⅛	97⅝	−0⅛	−0⅞	14.60
Swed. Exp. Cr. 15¼ 89	100	99½	99⅝	0	−0⅛	15.34
Swed. Exp. Cr. 14¼ 90	100	95½	96	−0⅞	−0⅛	15.65
Swed. Exp. Cr. 0.0 94	200	19⅝	20⅛	−0½	−0⅞	14.96
Texas Eastern 15⅜ 89	60	100¼	101⅛	0	+0¼	15.49
Union Carbide 14⅜ 89	150	99¾	100⅛	−0½	−0⅛	14.70
Wells Fargo Int. 15 87	75	99⅛	99⅝	−0½	−0⅛	15.12
World Bank 14⅜ 87	500	97⅛	97⅝	−0½	−0⅛	14.97
World Bank 15¼ 88	250	100½	101	−0⅛	−0⅛	15.97

Average price changes. On day −0½ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¼ 92	150	97½	98⅞	−0¼	−0⅛	9.58
Australia 9⅜ 91	200	103⅞	104½	−0⅛	0	8.72
Austria 8⅜ 92	100	94½	95	−0¼	−0½	8.20
Barclays O/S In. 8⅜ 94	100	95⅜	95⅞	−0⅛	−0⅛	8.98
Bowater Int. Fin. 8½ 89	50	95¼	95¾	−0⅛	−0⅛	9.31
Canada 8½ 88	200	101⅛	102⅛	−0⅛	−0⅛	8.11
Comp. Tel. Esp. 10½ 92	100	100⅜	100⅞	−0⅛	−0⅛	10.37
Cred. Foncier 8¾ 92	100	95⅞	96⅜	−0⅛	−0⅛	9.38
Denmark 10⅛ 92	100	101⅞	102¼	−0½	−0⅛	9.75
EDF 9⅞ 92	100	100⅜	101⅜	0	+0¼	9.87
EIB 8¾ 92	100	94½	95	−0⅛	+0⅛	8.20
Int.-Am. Dev. Bk. 8 92	150	87⅛	87⅝	−0¼	−0¼	9.41
Nacel. Financiera 11 90	150	96⅝	97⅛	−0⅛	−0⅛	11.59
Norsk Hydro 8½ 92	100	97⅞	98⅜	−0½	−0⅛	8.52
Philips Lamps 8½ 92	100	99¼	99¾	+0⅛	+0⅛	8.57
Philip Morris 8¾ 90	100	101⅛	101⅝	−0¼	+0⅛	7.99
Quebec 10¼ 92	150	102⅝	103⅛	−0⅛	−0⅛	9.65
Renfe 10 92	100	99¼	99¾	−0⅛	−0¼	10.07
SNCF 8⅞ 92	100	95⅞	96⅜	−0⅛	−0⅛	9.23
Tauernautobahn 9⅞ 94	50	101⅞	102⅜	−0½	−0⅛	8.55
Tenneco Int. 9 92	100	97⅞	98⅜	−0¼	−0⅛	9.29
World Bank 9½ 89	100	100½	101⅛	−0½	−0⅛	9.30
World Bank 8⅞ 92	200	95½	96	−0¼	−0⅛	9.17

Average price changes.. On day −0¼ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¼ 92	100	100⅛	100⅜	+0⅛	0	6.14
Asian Dev. Bank 7 92	100	101½	101⅝	−0⅛	+0⅛	6.82
Aucalsa 7½ 92	80	98	98½	−1	−0⅞	9.07
Australia 6½ 94	100	105⅛	105⅝	0	−0⅛	5.85
BNP 6⅞ 92	100	97⅞	98⅛	−0¼	0	7.03
Cass. Naz. l'Energia 7 92	100	100⅝	101	+0⅛	0	6.87
CFE Mexico 8¾ 92	50	92	92½	−2⅛	−2	9.52
Co-op. Denmark 8½ 92	25	105	105⅝	−0⅛	−0½	7.59
Crown Zellerbach 6⅝ 92	100	100⅛	100⅝	0	0	6.67
Eurofima 7¼ 92	100	101⅛	101⅝	+0⅛	+0⅛	7.03
Ind. Fond. Finland 6¾ 92	30	98	98½	−0⅛	+0¼	7.00
Japan Dev. Bank 6 94	100	100	100¼	−0⅛	−0⅞	5.98
Kobe City 6⅝ 92	100	100⅛	100⅝	−0⅛	0	6.03
Kommunlans 7¼ 92	35	100⅜	101⅞	+0⅛	+0⅛	7.10
Londrina Int. Fin. 7½ 92	80	94⅝	94⅞	−0⅛	0	8.29
Mitsui OSK 6½ 92	100	99	99½	−0½	−0⅛	5.60
Nellgas 8¼ 92	80	93	93½	−0⅛	0	8.32
New Zealand 6 92	100	101⅛	101⅞	+0⅛	−0⅛	5.76
Philip Morris 6⅝ 92	100	104½	104⅞	−0⅛	−0⅛	5.97
Philip Morris 6¼ 96	100	102½	102⅞	−0⅛	−0½	5.93
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 15 89 C$	100	†98⅛	98⅝	−0⅛	0	16.35
Can. Pac. S. 16½ 89 C$	50	†98½	99	0	+0⅛	15.63
Crd. Foncier 17¼ 89 C$	30	†98⅝	99⅛	+0⅛	+0½	17.19
Gaz Metro. 17¼ 98 C$	20	†97⅜	98¼	0	−0⅛	17.89
OKB 16¼ 88 C$	63	†98½	99	−0⅛	0	15.56
Q. Hyd. 16½ 89 (M) C$	50	†100⅛	100⅝	0	+0⅛	15.32
Quebec Prov. 16½ 89 C$	60	†100½	101	+0⅛	+0⅛	15.29
U. Bk. Nwy. 9½ 90 EUA	15	93½	95	0	−0⅛	10.62
Amro Bank 10 87 Fl	150	99	99½	−1⅛	−0⅛	10.18
Bk. Mees & H. 10 87 Fl	75	99	99½	−0⅛	−0⅛	10.16
Eurofima 10½ 89 Fl	50	100⅜	101⅛	−0⅛	−0⅛	10.29
Ireland 10½ 87 Fl	75	98½	99	0	−0¼	10.82
Phil. Lamps 10¼ 87 Fl	100	101	101½	−0⅛	−0⅛	9.88
World Bank 10 87 Fl	150	99	99½	−0⅛	−0⅛	10.16
OKB 14 86 FFr	400	94⅛	95⅛	0	+0¼	15.11
Solvay et C. 14¾ 86 FFr	200	94⅝	95⅝	0	+1	15.55
Beneficial 14¼ 90 £ (D)	20	90	91	−0⅛	+0⅞	16.36
SFCE 14⅞ 87 £	30	100⅜	101⅛	−0⅛	0	14.13
SNP 13½ 91 £	15	96⅝	97⅝	−0⅛	+0⅛	14.06
CECA 13½ 88 £	20	98⅜	99⅜	−0¼	+0⅛	13.78
Fin. Ex. Cred. 13¼ 86 £	15	98⅞	99⅜	−0¼	−0⅛	14.15
Gen. Elec. Co. 12½ 89 £	50	97⅞	98⅞	+0⅛	+1¼	12.84
Hiram Walker 14⅛ 86 £	25	100	101	−0⅛	+0½	13.99
Norsk Hydro 14½ 87 £	30	101	101½	−0⅛	+0⅛	14.10
Privatbanken 14⅞ 88 £	12	97⅞	98⅞	+0¼	+0⅛	14.88
Quebec 15½ 87 £	35	102½	103½	−0¼	−0⅛	14.49
Reed (Nd) NV 16¼ 89 £	25	105⅜	106⅞	−0½	−0⅛	15.20
Royal Trustco 14 86 £	12	98⅞	100⅞	0	+0⅛	13.78
SOR France 15½ 92 £	30	102⅛	102⅞	−0⅛	+0¼	14.94
Swed Ex. Cr. 13½ 86 £	20	99	100	−0⅛	−0⅛	13.86
Tenneco Int. 14¾ 87 £	30	98½	99¼	—	—	15.08
Eurofima 10⅜ 87 LuxFr	500	96⅛	97⅛	0	0	11.37
EIB 9¾ 88 LuxFr	600	92¼	93¾	−0¼	−0⅛	11.55

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¾ 92	0⅛	98½	99	15/10	15.88	15.88
Bk. of Tokyo 5⅛ 91 (D)	0⅛	99⅝	100⅛	5/12	15¼	15.25
Bk. Nova Scotia 5⅛ 93	0⅛	98⅞	99⅜	29/10	15⅝	15.29
BFCE 5¼ 89	0¼	99⅜	99⅞	28/10	15	16.06
BFCE 5⅛ 87	0⅛	98⅞	99⅜	27/1	14	14.07
Caisse Nat. Tele. 5¾ 90	0⅛	98⅝	98⅞	21/10	15⅜	15.81
CCCE 5¼ 2002	0⅛	98¼	98⅞	11/12	15½	16.59
CEPME 5⅛ 92	0¼	99⅞	100¼	10/12	15.44	15.44
Chemical NY 5½ 94	†0¼	99⅛	100	23/9	16.69	15.73
CIBC 5¼ 94	0⅛	†97⅝	97⅞	15/1	15⅛	15.62
Credit Agricole 5¾ 97	0⅛	98⅝	99⅛	24/9	15.44	15.52
Credit du Nord 5⅛ 92	0⅛	99⅝	100⅛	23/12	15.61	15.83
Credit Lyonnais 5¼ 97	0⅛	99⅛	100	1/10	15	16.04
Credit Lyonnais 5¾ 94	0⅛	100⅛	100⅝	1/1	16.94	15.85
Credit Nat. 5⅛ 94	†0⅛	98½	99	9/8	14.69	14.87
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week −0⅛

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Ottoman Bank assets sale awaits go-ahead from head of state

BY METIN MUNIR IN ANKARA

THE TURKISH authorities are considering a decree which will involve the Ottoman Bank selling 70 per cent of its Turkish business to Turkish interests. It is understood that the decree has been approved by the Turkish Cabinet, but has yet to be signed by Kenan Evren, the Turkish head of state.

The decree, which is believed to have been prepared some three months ago, cannot become effective until it is signed by the Turkish head of state. Mr Desmond Reid, chairman of the London Committee of the 119-year-old bank, confirmed that the decree had been prepared but said yesterday that "it could easily be that it will never be signed."

Under the proposed decree, the bank would operate under the foreign capital law, enabling the foreign partners to transfer their share of their profit abroad.

According to the decree, the Turkish Navy Foundation and Anadolu Holding, a private trade and industry conglomerate, will each acquire 30 per cent of Turkish interests. The remaining 10 per cent will be acquired by as yet undetermined Turkish companies to be found by the Foundation.

The French and British shareholders of the Ottoman Bank will retain 30 per cent of its equity.

The decree stipulates that the capital of the Ottoman Bank be increased from Turkish lire 8m to Turkish lire 5bn ($23m).

The Imperial Ottoman Bank was established in 1863 by the Ottoman sultan Firman (Edict) and a convention effected between the Turkish Government and the French and British founders. Its function then was to act as a state bank of the Turkish empire. It had the exclusive right of note issue.

In 1925, after the formation of the Republic of Turkey, the title Imperial was dropped, the bank ceased issuing notes and became a purely commercial institution. In the mid 1960s the bank disposed of its overseas network, selling them to Grindlays Bank.

The bank's legal domicile is Istanbul. The committee of directors reside and meet in London and Paris.

Orders fall sharply at German engineer

By James Buchan in Bonn

EXPECTATIONS this year for Mannesmann Demag, the West German mechanical engineering concern, have been trimmed further after a 19 per cent drop in orders booked during the first six months. The Duisburg concern, which is 90 per cent owned by the Mannesmann pipe and engineering group, saw its profits more than halved in 1981.

Although sales in the half-year increased over 1981's first six months by 12 per cent to DM 1.36bn ($546m), earnings were unsatisfactory, the company said in a shareholder's letter.

Weak internal demand resulted in a 14 per cent fall in domestic orders booked to DM 434m for this year's first half. More worrying was the 21 per cent drop in foreign orders, to DM 1.06bn.

Orders in hand at the end of June, excluding those with the new subsidiary Mannesmann Demag Sack, were 6 per cent lower at DM 4.52bn, against DM 4.7bn a year earlier. With the Sack orders, the figure was 9 per cent up.

The enfeebling of Demag's export business, which accounted for a full 73 per cent of order intake in 1981, confirms fears elsewhere that export demand in the words of the Ifo Economic Institute, "will not provide the economy with support in the immediate future."

Hero expects to maintain earnings at 1981 level

BY JOHN WICKS IN ZURICH

HERO CONSERVEN Lenzburg, the Swiss parent company of the Hero food processing group, expects this year's earnings to reach the same level as in 1981 unless there is a marked deterioration in demand or exchange rates.

Last year net profits rose slightly to SwFr 5.38m ($2.54m) and the parent paid an unchanged dividend of SwFr 85 a share.

Group turnover rose by 10.9 per cent in the first half of this year to SwFr 245.7m ($115.9m). The growth came mainly from Swiss operations. Although foreign subsidiaries had substantial growth in sales in terms of local currencies, this was largely offset by exchange-rate changes.

The Italian and Spanish subsidiaries showed a profit in the first six months. Hero Nederland booked sales below budgeted levels and had unsatisfactory earnings despite cuts in costs. No improvement is expected in the coming months.

● Sales of Forbo, the international floor-covering group, dropped by 7 per cent in the first half of 1982 to SwFr 290m ($135.5m). According to a mid-year statement by the Zurich parent company, of the same name, this was the result of a strengthening in the Swiss franc exchange rate, turnover in local currencies having improved over the period by 6 per cent. A share of 59 per cent of group sales was accounted for by floor coverings and linoleum and 24 per cent by carpets.

First half dip at NEBB

By Fay Gjester in Oslo

NEBB, the Norwegian subsidiary of Switzerland's Brown Boveri concern, reports lower profits for the first half of 1982, but expects increased sales in the final six months to bring overall results about up to last year's NKr 51.9m, before tax and extraordinary items.

The half-year figure was NKr 18m—NKr 4m less than in January-June 1981. Operating income reached NKr 761m and orders booked totalled NKr 744m.

Stewart Fleming looks at the German telephone switching equipment business

Telefonbau treads an uncertain road

TELEFONBAU and Normalzeit, the private Germany company which is the third largest supplier of switching equipment to the West German Post Office, faces a future shrouded in uncertainties concerning the shape of its telecommunications markets and, more immediately, the resolution of the financial crisis at AEG-Telefunken.

The company has just published its annual results for 1981 which show that sales rose 8.5 per cent to DM 1.6bn and profits were 4.5 per cent up at DM 71.4m ($28.7m). But this historic financial data is of limited long-term significance as last year Robert Bosch, a major German electrical group, bought effective control of T and N from AEG.

Bosch has 75 per cent of the votes in a holding company which owns 41.1 per cent of T and N and an option, indirectly, to take majority control of T and N at the end of the year.

T and N needed the support of Bosch because alone, or in conjunction with its earlier partner AEG, it did not have the financial muscle or the range of expertise to make a strong challenge for the markets opening up for supplying digital electronic machinery for the "office of the future."

The link with Bosch, however, has only brought together directly T and N by international standards a small company in telecommunications terms and Bosch itself which has major interests in consumer electronics but has a growing technical base in micro-electronics.

While the two companies together have considerable weight, they do not add up to a grouping which alone could quickly make a major impact on the new telecommunications equipment markets. Bosch has ambitions in this fast growing sector however. It has a 20 per cent holding in AEG's telecommunications division and a similar stake in AEG's office products business, Olympia.

These strategic stakes have remained outside the T and N-Bosch axis however, with the big engineering group Mannesmann, for example, also having a 20 per cent stake in AEG's telecommunications operations, reflecting its own ambitions in the office equipment market following its purchase of control of Kienzle, the business machines company.

Observers of the West German telecommunications industry have been scratching their heads and asking when Bosch and Mannesmann would make the decisive step and try to pull this incoherent group of interests together.

Bosch itself has, at least in public, adopted what can best be described as observer status. Its position is strong enough that should it want to it knows it can always intervene decisively to secure its interests. In the meantime, rather like a vulture which can see that its prey may soon expire, it has been content to watch the agonies of AEG knowing that it may be able to pick up the pieces it wants without much of a struggle at a later date.

The price of this policy has been that valuable time has been wasted, at least a year, in creating a coherent telecommunications/data processing group with a German base which will be able to compete with the likes of IBM of the U.S.

In its report and accounts T and N places great emphasis on the research and development work it has been doing to prepare itself for the market for digital telecommunications equipment. It points out that it will be at least three years (1986) before the German Post Office has a system in place to meet the digital transmission needs for the office of the future.

This aproach runs the risk of overlooking the fact that the task Bosch is addressing requires products and management as well as technology and money. T and N is still insisting that, in some mysterious way, it still have a future as an independent company, a state of mind which scarcely seems conducive to the rapid creation of a management team out of the disparate bits and pieces which lie within Bosch's grasp.

Hino shows its determination to expand in the U.S.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HINO, Japan's largest heavy trucks producer, has given up attempts to boost sales in European markets to significant levels. But the company is determined to find a way of penetrating the U.S. market, according to Mr Keiichiro Yamaguchi, managing director, overseas operations.

He acknowledges that the Japanese truck makers have lagged behind the Europeans in the U.S. but says Hino could follow the European lead by seeking a co-operative venture with an American manufacturer.

Or Hino might link with one of the Japanese car producers which has established a good dealer network in the U.S.

Hino considers itself to be "part of the Toyota group"—even though Toyota's shareholding in the truck concern is only 9.8 per cent. Toyota is Japan's major car producer and second in the world, behind only General Motors of the U.S. It has a strong presence in the U.S., last year accounting for 6.5 per cent of total car sales there, or 576,500 out of 8.53m.

Hino in the year to March 31, 1981, produced 74,000 trucks and buses. It also produced 240,000 one-tonne pick-up trucks and 40,000 cars for Toyota and these vehicles represented about one-third of Hino's turnover of Y389.39bn ($1.49bn).

This represented a 7 per cent increase on the previous financial year but Hino's net income after tax fell 12 per cent to Y4.68bn.

Mr Yamaguchi says Hino has high hopes of getting into the bus business in the U.S. Two buses were tested by the City of New York last year and in June Hino sent another, built to American specifications for a follow-up test of six to 12 months.

If the test is successful, Hino would be in the running for orders of several hundred buses a year from New York and would set up a bus assembly plant in the U.S.

Hino already has a small assembly plant in Canada. It delivered only 434 trucks last year. Before the company could penetrate the U.S. market in depth it would have to put its engines through the local emission control and noise control tests.

The Japanese company once planned a truck assembly plant for Europe, to be based in Belgium where it had space available at its parts distribution centre. But that project has been dropped. "There are too many strong European heavy truck manufacturers."

Last year 593 Hino heavy trucks were registered in Europe, 120 of them in England. The importer and assembler in Ireland has been re-exporting to the U.K., a scheme which neatly circumvents the arrangement whereby the Japanese have undertaken not to export built-up trucks of more than 3.5 tonnes gross weight to the UK.

Mr Yamaguchi says Hino does not expect the Irish company, J. Harris (Assemblers), to expand its sales in the UK because market conditions are so depressed.

For Europe as a whole, Hino believes that sales of 600 to 1,000 trucks a year is all it can reasonably hope for.

During the past year or so, according to Mr Yamaguchi, all the major European truck manufacturers have sent representatives to Japan to talk to Hino and the other truck makes there to establish an exchange of information about technical matters.

"The Japanese used to go to European motor shows to see what were the new trends in the industry. Now the tide has turned and the Europeans want to know what is happening in Japan."

The Europeans have been particularly interested in Hino's new highly-automated engine plant at Nitta. The company produced 80,000 engines last year of 30 different types and the Europeans are interested to see how Hino turns out small batches of mixed engines.

Mr Yamaguchi claims that Hino has achieved high productivity at Nitta by using a new method of changing tools on the machines, thus cutting the time involved to one sixth of former methods. At Nitta, one man can look after the performance of 10 machines.

Mr Yamaguchi says Hino's growth potential lies in South-East Asia (sales last year 13,673) the Middle East (5,981) and Australia (1,948).

He insists that Hino's long-term objective is to become the world's largest heavy truck producer in unit terms. It has a long way to go to catch up with Daimler-Benz, the West German group which made 110,000 diesel-engined trucks last year.

Mr Yamaguchi admits Daimler-Benz has "a high level of technology, a long history and a well-established sales network. So it will not be easy. But one day we will do it."

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Comalco suffers sharp fall in mid-term earnings

BY MICHAEL THOMPSON-NOEL IN SYDNEY

COMALCO, one of the big three Australian aluminium producers, yesterday reported a 68.3 per cent slump in net profits for the six months to June, from A$13.52m to A$4.28m (US$4.2m). The figures include an extraordinary loss of A$1.4m this year against a gain of A$1.4m a year earlier.

Gross revenue for the first half was 8.3 per cent higher at A$364.3m, but interest charges rose by A$8m to A$20.42m.

An interim dividend of 1 cent a share has been declared compared with 2.5 cents a year earlier. The directors warned that "it will be at least as difficult to earn profits in the second half of 1982 as it has been in the first half."

The Australian bauxite-alumina-aluminium industries are under a cloud, with several large-scale projects abandoned or deferred. Last month, Alcoa of Australia deferred a start to the construction of its A$1bn aluminium refinery at Portland, Victoria.

Comalco said yesterday that the primary metal inventories of the Western world had increased to record levels during the first half of 1982, leading to intense sales competition and a continuing weakening of international prices for primary aluminium and alumina.

Though the weakening of the Australian dollar against the U.S. dollar had provided a "partial buffer" against declining aluminium prices, the company had been forced to absorb heavy cost increases arising from continued high levels of inflation in Australia and New Zealand.

Many wage increases had not yet worked their way through the system, and would make it difficult for Comalco to maintain momentum in international marketing and new investment, the company said.

The company warned that total production and shipments in 1982 would fall well short of last year's, because of cut-backs in alumina production by long-term bauxite customers in Japan, and increased competition from West Africa.

Comalco's 30 per cent owned Queensland alumina refinery operated at an average of 80 per cent capacity in the six months. Higher operating costs and weakening primary aluminium selling prices had greatly eroded returns from metal sales from the Bell Bay smelter in Tasmania, as well as from the 50 per cent owned Tiwai Point smelter in New Zealand.

China land deal hits HK shares

BY ROBERT COTTRELL IN HONG KONG

"IF I WERE standing in front of an express train travelling at 90 miles an hour, I'd get out of the way, no matter how sure I was that the train was going to stop in time."

So spoke one recently-bullish Hong Kong broker after seeing the Hang Seng index register its sharpest daily fall in nine months, a 79.75 point plunge through the 1100 barrier to close at a two-year low of 1089.87. The market, it may be feared, has thrown fundamentals to the wind and is trading on its own erratic psychology.

Investors were already nervous about whether China can reconcile sovereignty and prosperity in Hong Kong when Britain's lease on the New Territories expires in 1997. Then the weakening exchange rate of the local dollar against the U.S. currency (it closed yesterday at 16.25 U.S. cents) took the market to the edge of a precipice. A property deal with China pushed it over. The HK$1bn (U.S.$162m) sale of land to the Bank of China looks on the face of it good news—would China, after all, buy a piece of land if it planned to take it over anyway in the not so distant future?

No, said the sceptical faction, but it is paying not much more than half of what the site would have fetched on the free market. Does China know something about land values in Hong Kong which we don't? And why pay for it over 13 years? If the deal is expected to help confidence along, why not pay over, say, 20, and make it clear the 1997 New Territories lease-expiry date is irrelevant in business terms?

It is precisely because 1997 is irrelevant in business terms, replies the Hong Kong government that we don't get excited whether it is 13 years or 20 years.

To suggest that finance terms on a bank building could help knock HK$237m off a stock market trading sideways yesterday indicates the nervousness of the Hong Kong markets. "Ludicrously cheap," said one broker, taking a fundamental view of current stock prices. It is cheaper still, if one imagines buying them in U.S. dollars, with the Hong Kong dollar testing its lowest levels against that currency since it cut free of sterling 10 years ago.

However, investors sold the market down 50 points yesterday, went off to lunch, came back, and sold it down some more.

The 1997 question has caught Hong Kong with its guard down—counterbalancing optimism is in short supply.

Clients with fundamentally-minded brokers are likely to be encouraged into the Hong Kong stock market at present levels, and justifiably so. But it is a market now for money which can be affordably lost. The potential long-term gains may be substantial. The short-term outlook is for strong nerves and fast movers.

Record results for Tata Iron and Steel

By R. C. Murthy in Bombay

TATA Iron and Steel Company (Tisco), the Indian private sector's largest company ranked by assets, and its only integrated steelmaker, has reported record profits and sales for the year ended March.

Turnover rose by 35 per cent to Rs 7.05bn ($735.3m) from Rs 5.2bn a year earlier. Pre-tax profits grew by 49 per cent to Rs 776.5m from Rs 520.6m and net profits advanced by 80 per cent to Rs 476.5m from Rs 264.6m.

Mr J. R. D. Tata, chairman, attributed the record year to a number of factors. First, Tisco worked at full capacity in the year producing 1.6m tonnes of steel for sale, an increase of 4 per cent.

Second, Tisco benefited from a full year's impact of the deregulation of bar and billet prices. Third, the Government had allowed higher prices on controlled steel products. Fourth, Tisco received Rs 168.2m in compensation from the Government to help cover steel cost increases in the prior two years.

Tisco maintained its dividend at 15 per cent on capital increased by 40 per cent following last year's bonus issue. It has recomended an additional 2 per cent bonus share issue this year to mark its 75th anniversary.

Mr Tata is not optimistic of repeating last year's results. There are no outstanding sums from the Government for past steel cost escalations and integrating the existing steel plant with facilities such as the new oxygen plant in the first phase of modernisation is expected to result in a marginal fall in production. Also, the steel market has softened and certain categories of steel are being sold at a discount.

Tisco has received Government permission in principle, for its Rs 3bn second phase of modernisation.

BR personnel director

BRITISH RAILWAYS BOARD has appointed Mr John Palette as director of personnel at board headquarters. He is general manager, administration.

The director of personnel post has been created to assist Mr Clifford Rose, board member for personnel. It was planned to come into effect later this year, but has been brought forward because of the temporary absence of Mr Rose through illness.

Industrial relations at board headquarters is the responsibility of Mr R. H. Wilcox, director, industrial relations, who will retire at 60 early next year. Mr Palette will work with Mr Wilcox to ensure continuity. Since January, Mr Palette has been directing a review of the structure of administration throughout the rail business and securing substantial reductions in its costs. He will continue in this work.

★

INTERNATIONAL ENERGY BANK has promoted Mr Ronald T. Upstone to senior vice president.

★

BRITISH GAS has appointed Mr R. W. (Robin) Hill as chairman of Scottish Gas from August 31. He has been service director at British Gas headquarters since 1977.

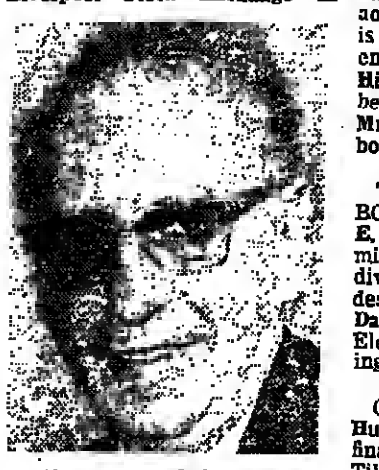
★

Mr D. A. Gilchrist is retiring as managing director of the NORTHERN ROCK BUILDING SOCIETY at the end of 1982 for health reasons but will remain on the board. Mr J. C. Sharp, the present deputy chief executive, will be appointed general manager from October 1.

★

Mr T. F. Croxall has retired from the board of BSP INTERNATIONAL FOUNDATIONS.

Mr Leonard Ernest Nolan has been elected chairman of the STOCK EXCHANGE—northern unit. The senior partner of Liverpool stockbrokers, Milnes Lumby Bustard, Mr Nolan became a member of the then Liverpool Stock Exchange in



L. E. Nolan, chairman, the Stock Exchange Northern Unit

1948. In the intervening years Len Nolan has held a number of posts, including the chairmanship of NMW Computers—the computer company set up to settle Stock Exchange business.

★

Mr John J. Hill has been appointed managing director of Eric Britton and Co and Mr Norman A. Orme joins the board of Meldex two companies within the textile division of WHITECROFT. In the group's building supplies division, Mr John Clayton is appointed managing director of Giddings and Dacre and Mr Ian W. Lowe becomes a director of Rogers and Jackson. Mr Roger C. Whitbread joins the boards of Randalls Southern Merchants Norlond. Mr Len Howson, Mr Eamonn O'Gorman and Mr David F. Robinson are also appointed directors of Norlond, and Mr David J. Valentine joins the board of Randalls Southern Merchants. Mr R. Barry Carson becomes managing director of McCue Dick and Co and Mr J. Stuart Pollock is appointed a director. In the engineering division, Mr Keith B. Hindle and Mr Frank R. Heath become directors of Silcoms and Mr John Hardman joins the board of Moorlite Electrical.

★

The CENTRAL ELECTRICITY BOARD has appointed Dr David E. Jeffers a director of the transmission and technical services division with responsibility for design. He succeeds Mr Frank Davenport who has joined the Electricity Council as engineering adviser.

★

CELLTECH has appointed Mr Hugh R. I. Perrott as director of finance. He was with the Thomas Tilling Group as financial director of the health-care subsidiary InterMed.

★

Mr Edward R. Burrell has been appointed director and general manager, marketing of WIGGIN ALLOYS, Hereford, part of Inco Alloy Products Company. He was appointed vice-president and general manager, marketing of Inco Inc in 1975 and president in 1980. Immediately prior to the Wiggin Alloys appointment, which takes effect from September he was seconded for a year to Exide Corporation, a subsidiary of Inco ElectroEnergy Corporation, as senior vice-president, marketing and planning.

★

Mr Dino Troni moves to BUENA VISTA INTERNATIONAL as vice-president, continental film sales, a Walt Disney Productions company.

Mr Don Brown has been appointed area general manager of MIDLANDS BRITISH ROAD SERVICES, and takes over the responsibility of three branches

Mr Don Brown, area general manager, Midlands British Road Services Limited

in Birmingham. He succeeds Mr Allan McPherson who has been promoted to managing director of Midlands BRS.

★

Mr Peter Ince has jointed the board of the Frizzell Group's specialist subsidiary NORMAN FRIZZELL PROFESSIONAL INDEMNITY.

★

The Secretary of State for Transport has appointed Mr P. E. Lazarus, Permanent Under Secretary of State, DEPARTMENT OF TRANSPORT, in succession to Sir Peter Baldwin, who will retire from the public service in November.

★

Mr Tony Lynch, company secretary, has left the MERSEY DOCKS AND HARBOUR COMPANY after 25 years service to take a new appointment later in the year. His successor is Mr Bill Bowley a solicitor who joined the company in 1974.

TECHNOLOGY

EDITED BY ALAN CANE

Ultra-high vacuum plumbing for the super chip

City of London Poly goes for the superlattice semiconductor

BY DAVID FISHLOCK, SCIENCE EDITOR

A RESEARCH team in the City of London has plans to make a world-beating chip. It has spent a decade in preparation, raised £600,000 from such companies as GEC and British Telecom, and retained as its adviser Dr Leo Esaki, the Japan-boro physicist who first proposed the technique.

Within a few weeks it hopes to take delivery of the kind of equipment shown here, designed by VG Scientific of East Grinstead, another of its sponsors. This remarkable piece of ultra-high vacuum plumbing was designed by the research group led by Dr Evao Parker in the department of physics at the City of London Polytechnic.

The technique they are using is called molecular beam epitaxy. Its aim is to build up a semiconductor from scratch, by depositing layers down to one atom in thickness, in what Dr Esaki calls a "superlattice."

Molecular beam epitaxy (MBE) was developed about a decade ago, as a way of preparing an extremely pure kind of semiconductor in which the mobility of electrons might he extremely high. If this were so, the superlattice could open the way to very fast-switching chips, as well as far greater "packing densities" for components on a chip.

Dr Parker's group was one of a handful worldwide which pioneered MBE ten years ago. More recently, the major electronics group have grown very excited, after the demonstration of high electron mobility in superlattices hy Bell Telephone Laboratories team led by Dr Ray Dingle In 1978.

The essence of MBE is the evaporation in an ultra-high vacuum of molecules of pure elements. This may he silicon, as in the £350,000 MBE apparatus designed for City Polytechnic; or it may be a number of elements which, when evaporated simultaneously, deposit as a mono-molecular layer of a pure semicooductoring compound such as gallium arsenide (galllum and araenic) or aluminium galllum arsenide.

The interest in such complex depositions lies in the hope that MBE may be able to realise the full theoretical potential of semiconducting compounds, so much greater than silicon itself.

Delicacy

The delicacy of the task of growing layers only one atom deep demands computer control of the evaporation, hy way of mechanical shutters carefully timed to chop off the beam of evaporating metal. In this way, for example, it is proving possihle to deposit a layer of gallium arsenide molecules, followed hy a layer of aluminium gallium arsenide doped with silicon.

The interface between two such layers is incredibly sharp compared with conventional ways of diffusing the dopanis into semiconductors.

According to Dr Parker, the work of leading groups in MBE—such as those at Fujilsu Lahoratories in Japan, at the University of Illinois, and with Thomson-CSF in France—suggests that such superlattice structures, operating at cryogenic temperatures, could improve on the performance of silicon chips hy a factor of 20 or more.

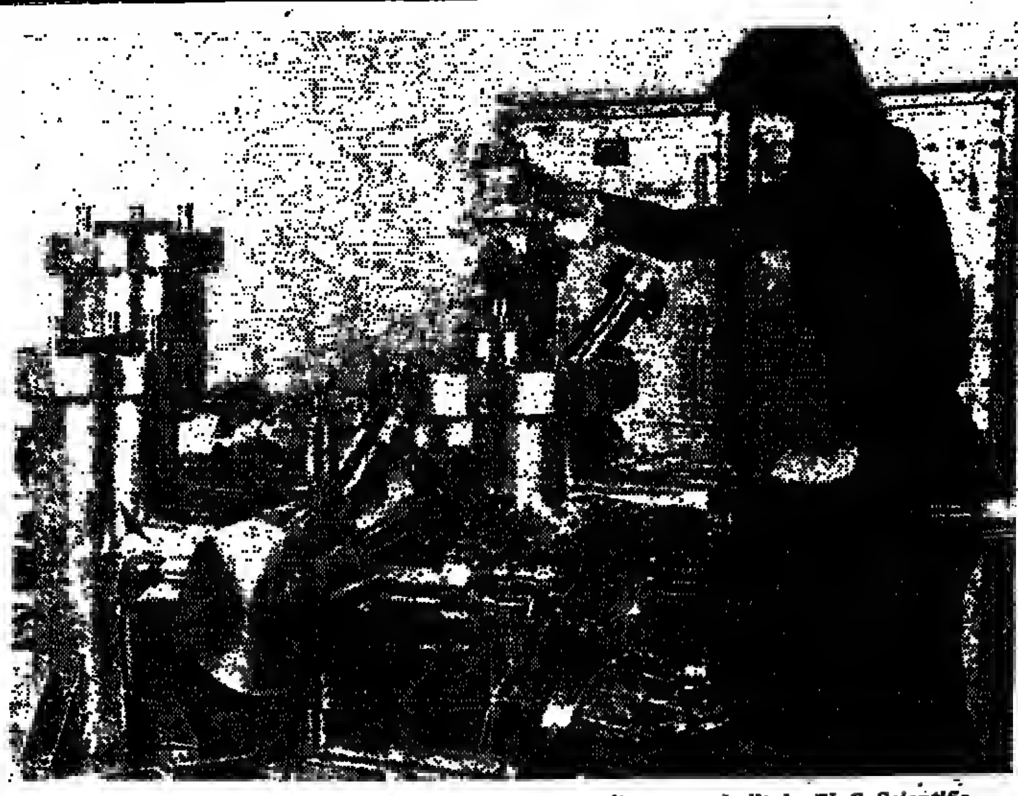
Even at liquid nitrogen temperature, such superlatticea have demonstrated awitching times faster than 20 picoseconds. This is as fast as Josephson junctions have achieved—and snch devices need to operate at liquid belium temperatures, a much bigger complication for the computer engineers.

Dr Esaki has recently proposed a still more intricate kind of superlattice, or "cluh sandwich" of three layers of three different materiala, such as *indium arsenide, aluminium antimonide* and gallium antimonide. He helieves it could be the basis of an ultra-fast field effect device.

Dr Parker's team has set up a three-year research project in collaboration with Dr Esaki, which will involve the deposition of layers as thin as 100 angstrom.

Already the group has designed and built a tool which can drill "cores" from such monomolecular layers one layer at a time, using an ion beam as the "bit." It then analyses the "core" automatically for purity. This instrument can pick up a one atom in 1hn of *impurity*.

But Dr Parker warns that it will require an immense technological effort to turn MBE into a super-chip and get rid of the heat from perhaps millions of ultra-fast awitches.



This ultra-high vacuum system for molecular beam epitaxy was built by V G Scientific

LEO ESAKI laughs easily and clearly enjoys his itinerant life. As a scientist with Sony Corporation in Tokyo, he invented and patented the tunnel diode, which earned a Nobel Prize in 1973. Today he is one of about 40 senior research fellows with IBM, hased at the Thomas J. Watson Research Centre and reporting hoth to its director, Dr Ralph Gomory, and to IBM's chief scientist, Dr Lewis Branscomh.

Esaki estimates that he spends about 50 per cent of his time at the Watson Research Centre, where he directs a gronp of a dozen; 30 per cent in his native country Japan where he is director of IBM Japan; and the rest consulting with such groups as that of Dr Evan Parker at the City of London Polytechnic.

He drops in to see the city researchers every couple of months, as senior visiting research fellow to tha physics department.

This group helieves he could he *in line* for a second Nohel Prize. In 1969 he and Raphael Tsu proposed tha "superlattice," a semiconductor structure huilt up layer by layer, each just a single atom thick. The technology is remarkahly tricky hut the outcome could he 20 times the performanca of silicon chipa.

Esaki's supperlattice could be the clue to the Japanese goal of a chip with 4m gates (the fastest today has about 0.25m). To achieve a hig goal of this kind you need to collaborate closely, he says—"and the Japanese are accustomed to working in groups. They have an extraordinary capacity for fostering inventions."

Britons are very creative hut not so strong at fostering prodncts, he believes.

At the City of London Polytechnic, Dr Esaki is counselling a team backed by £500,000 raised from five different organisations, trying to torn his superlattice into an *incredihly powerful* new chip.

Dr Evan Parker, Dr Leo Esaki and Dr Richard King.

Home technology

'Infotainment' for the silly season and future

BY GEOFFREY CHARLISH

IT BEING the silly aeason, someone, somewhere, has invented the word "infotainment" to describe the predicted convergence of telephone, audio, video and compnter technology in tha home.

A whole report on the subject, costing £685, has been compiled by Strategic International in the U.S. and is available in the UK from International Planning Information of London (01-221 0998).

The word itself may raise a smile, hut what it describes is a serious market matter according to Strategic, which believes that by 1990 a new kind of living room unit will have emerged.

In one console, it will incorporate large screen high resolution TV, audio receiver, turntable, telephone, clock, a 32 bit computer, printer and music synthesiser. There will be slots for audio cassette, video cassette, videodisc, Winchester cartridge and perhaps solid state holographic media.

The user will "play" this machine from a remote console with keyboard, microphone, joysticks and memory/intelligence of its own.

The report thinks that one of the main business opportunities will he the replacement of all storage media with optical storage and all the input/output wiring with a single hroadband cable.

Bnt, it reminds us, the outlook for such standardisation is not good, although even limited compatihility will help to open np mass markets for a variety of prodncts and services and offer opportunities for companies that are not at the moment snpplying the domestic market.

Strategic predicts that in the U.S., there will be 40m home computers hy 1991, while 24m homes will be connected to remota information services. By the same year there will he more than 30m homes connected to cahle TV systems.

All of these households are expected to be adding peripheral units to enhance the effectiveness of their systems, just as people continue to add floppy discs, modems and prioters to their home compnters, and video recorders to their TV sets.

Machine tools

Meggamond lathe

AFTER several months of technical collaboration with Mondiale in Belgium and Dana Posidata, Meggitt Machine Tools and Equipment has produced the Meggamond CNC lathe. A Dana Posidata, Meggitt Machine Tools and Equipment has produced the Meggamond CNC lathe. A Dana 3L programming system is incorporated with standard equipment including an 8¼in hydraulic chuck, hydraulic lailstock and a six stalion horizontal axis automatic tool turret.

It costs £31,150. Mr B. C. Dellow at 0202 746011 is the man to talk to.

From Japan

T I ROCKWELL now has available a range of four vertical machining centres from Takisawa of Japan which are an addition to the existing range of CNC lathes. Two are designed for high speed machining of aluminium and other non-ferrous metals: the high torque versions for heavy milling in steel. Rockwell is on 01-452 0033.

Electronics

Backing for Linear

TECHNICAL Development Capital, the high technology venture capital offshoot of the Finance for Industry group, is injecting $1m into a young U.S. electronics company called Linear Technology.

The company was set up just over a year ago to design and manufacture advanced linear integrated circuits for military and industrial applications. Linear circuits are special silicon chips which have many uses including amplification of electronic signals or converting hetween digital and analogue circuits.

The funding from TDC is in return for a 3.5 per cent equity stake in the company. It is part of a total second round of equity financing of $4.5m which includes participation from Olivetti and the Greyhound Corporation.

Linear technology was fonnded by four former senior employees of National Semiconductor. They believe that the semiconductor industry has been placing too much emphasis on microprocessor and memory circuits at the expense of linear designs.

TDC says that linearic markets in the U.S. have been ignored by foreign suppliers, particularly the Japanese and believes that there are opportunities for innovative companies.

According to TDC, the linear sector of the total semiconductor industry is growing steadily. By 1983 it is estimated that it will be worth more than $2hn with 20 per cent compounded growth for the foreseeahle future.

According to Mr Geoff Taylor, TDC's director and general manager: "In making this investment TDC has a particular concern for the European potential and it is envisaged that Linear Technology will be setting up a UK activity in the medium term."

ELAINE WILLIAMS

BASE LENDING RATES

A.B.N. Bank	11½%	Grindlays Bank	‡11½%
Allied Irish Bank	11½%	■ Guinness Mahon	11½%
Amro Bank	11½%	■ Hambros Bank	11½%
Henry Ansbacher	11½%	Hargreave Secs. Ltd.	11½%
Arbuthnot Latham	11½%	Heritable & Gen. Trust	11½%
Associates Cap. Corp.	12 %	■ Hill Samuel	§11½%
Banco de Bilhao	11½%	C. Hoare & Co.	†11½%
BCCI	11½%	Hongkong & Shanghai	11½%
Bank Hapoalim BM	11½%	Kingsnorth Trust Ltd.	13 %
Bank of Ireland	11½%	Knowsley & Co. Ltd.	12 %
Bank Leumi (UK) plc	11½%	Lloyds Bank	11½%
Bank of Cyprus	11½%	Mallinhall Limited	11½%
Bank Street Sec. Ltd.	13 %	Edward Manson & Co.	13 %
Bank of N.S.W.	11½%	Midland Bank	11½%
Banque Belge Ltd.	11½%	■ Samuel Montagu	11½%
Banque du Rhone	12 %	■ Morgan Grenfell	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Norwich General Trust	11½%
Bremar Holdings Ltd.	12½%	P. S. Refson & Co.	11½%
Brit. Bank of Mid. East	11½%	Roxburghe Guarantee	12 %
■ Brown Shipley	12 %	Stavenburg's Bank	11½%
Canada Perm't Trust	12 %	Standard Chartered	‖11½%
Castle Court Trust Ltd.	12 %	Trade Dev. Bank	11½%
Cavendish G'ty T'st Ltd.	13 %	Trustee Savings Bank	11½%
Cayzer Ltd.	11½%	TCB	11½%
Cedar Holdings	12 %	United Bank of Kuwait	11½%
■ Charterhouse Japhet	11½%	Volkskas Intl. Ltd.	11½%
Choulartons	12½%	Whiteaway Laidlaw	12 %
Citibank Savings	¶12 %	Williams & Glyn's	11½%
Clydesdale Bank	11½%	Wintrust Secs. Ltd.	11½%
C. E. Coates	12½%	Yorkshire Bank	11½%
Comm. Bk. of N. East	11½%		
Consolidated Credits	11½%		
Co-operative Bank	*11½%		
Corinthian Secs.	11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
Eagil Trust	11½%		
E.T. Trust	11½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.5%, 1 month 8.75%. Short term £8,000/12 month 11.1%.
† 7-day deposits on sums of: under £10,000 8½%, £10,000 up to £50,000 9¼%, £50,000 and over 10%.
‡ Call deposits £1,000 and over 8½%.
‖ 21-day deposits over £1,000 9½%.
§ Demand deposits 8½%.
¶ Mortgage base rate.

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COMMODITIES AND AGRICULTURE

IN SHORT

Decline in coffee stocks forecast

● WORLD coffee stocks could decline by some 7 per cent in the business year 1982/83 to [illegible]1.7m bags, according to a study published by Cargill Investoro Services, John Wicks reports from Zurich. Exports to consuming nations are seen as rising from 62.9m to some 63.4m bags, while consumption in producer countries could decline slightly to about 21.2m bags.

In its first estimates for the 1982/83 crop year, the U.S. Department of Agriculture bas already forecast a 19 per cent drop in world production to about 80.8m bags.

● SEVENTH Coffee International Symposium and Trade Fair will be beld in Montreux from October 3-6. Sr Alexandre Beltrao, Executive Director of the International Coffee Organisation will speak on coffee quota allocatioos and their likely impact on producers and consumers.

● THAI rubber exports in June fell from 33,545 tonnes in May to 24,625 tonnes. This compares with 28,519 tonnes in Jone 1981.

● TANZANIAN agriculture ministry is raising producer prices for coffee, green tea, sugar cane and cocoa by between 9 per cent and 33 per cent lmmediately.

● CHICAGO Morcantile Exchange recorded its second hlghest trading volume last months' total to 18.238m contraded. The all-time record was in June, with 3.122m contracts.

● ACLI INTERNATIONAL bave aonounced the formation of a new commodity trading company, Wardley/ACLI cnmmodities, in partnership with Wardley Group, a wbolly owned subsidiary of Hongkong and Shangbai Banking. The new company offers a rauge of brokerage and other investment servicee in Hong Kong and the Asia Pacific region.

● BOMB scare in a building adjoining Plantation House yesterday suspended trading in gold futures and delayed robusta coffee futures opening. Trading on the London Metal Exchange was not affected, although LME offices were evacuated.

U.S. gloom hits copper

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell sharply on the London Metal Exchange yesterday as a wave of pessimism about tine outlook for the U.S. economy triggered off beavy speculative selling. Higber-grade cash copper closed £36 down at £809.5 a tonne—a loss of £70 in the past fortnight.

Traders reported that the decline was slowed down by some trade buying interest at the lower levels, and the fall in the value of sterling. But these were overwhelmed by speculative selling, especially from New York where the downturn started on Friday evening following the gloomy news about the state of U.S. industry and the latest money supply figures suggesting that interest rates may well rise, rather than continue to fall.

Aiding the downturn was the decline in gold, and a move by Asarco to slaah its domestic selling price for copper by 4 cents to 68 cents a lb. Virtually ignored by tbe market was a Reuter report from Montreal that talks aimed at ending the strike at Noranda'e Canadian Copper Refioery had reacbed an impasse over wages. Workers at the arefinery bave been on strike since May 1.

The fall in copper and gold brought an easier trend in other metal markets, in spite of the upward pressure oo London prices exerted by the strength of the dollar against the pound. Lead was additionally depressed by Asarco cutting its domestic U.S. selling price by aoother 2 cents to 24 cents a lb making the second 2 cent redncution this month.

However the biggest fall came in tin. The cash prices closed £247.5 lower at £6,877.5 a tonne reversing the strong upward trend during the past two keeks. Traders claimed that covering of previous "short" (sale) positions bad now been completed and the market lacked buying interest.

At the same time the cash price remains at a premium over the three months quotation, negeting the desire of the International Tin Council buffer stock to push up cash tin in London closer to the Straits tin price in Penang (equivalent at current exchange rates to around £7,500 a tonne).

The International Tin Council held a special meeting yesterday to consider the U.S. reaction in last week's talks in Washington seeking a halt to sales of surplus stockpile tin. The buffer stock manager claimed the trip was a success in spite of the reported refusal of the U.S. to suspend sales.

Tin etocks held in LME warehouses fell last week by 420 tonnes reducing total holdings to 40,225 tonnes. The rest all rose marginally. Copper stocks were up by 25 to 144,650 tonnes; lead by 25 to 114,600; zinc by 150 to 69,300; aluminium by 25 to 213,150; nickel by 48 to 1,386 tonnes, and silver holdings by 120,000 to 36,750,000 troy ounces. On the London gold futures market stocks in approved vaults rose after the first week of spot trading by 34,292 ounces to a total of 116,795 fioe ounces.

Philippines sugar output to rise

BY OUR MANILA CORRESPONDENT

PHILIPPINES' sugar production for the crop year 1981-82 is expected to be 3 per cent up on last seasoo's 2.31m tonnes, according to the Private Development Corporation of the Phillppines (PDCP).

PDCP, one of the country's largest companies, which is engaged in development financing as well as acting as an investment house, maintains that tbe increased production is important in view of the increased export quota recently granted to the Philippines by the International Sugar Organisation (ISO).

The new quota will ellow the Pbilippines to increase its exports from 1.75m tonnes in 1981 to 1.89m tonnes in 1982. Sugar exports in 1981 were estimated at 1.24m tonnes raw value, compared to 1.79m in 1980. The drop was attributed to falling sugar inventories.

Our commodities staff adds: World raw sugar prices fell sligbtly yesterday on the London futures market with the January position closing at £116.50 per tonne down £0.50.

Dealers attributed the fall to the latest beet test resplts from Europe. These, from both France and West Germany, indicate that bigher yields are to be expected from this year's crop in both countries. This bearisb fundamental was partially off-set by the weakness of the pound against the dollar.

Yesterday morning the London daily price for raws was set £1 down at £105 per tonne and the price for whites was down £3 at £122 per tonne. This narrowing of the premium for whites over raws, caused primarily by the start of the EEC new series releeses, brings the white daily price down to its lowest level since September 1979.

Zimbabwe industry at risk

FALLING WORLD prices are pushing Zimbabwe's sugar industry into the red, the country's largest producer claimed yesterday.

With export prices now barely covering 60 per cent of the cost of production, significant losses are also being incurred on domestic sales.

In its annual report Hippo Valley, producer of 242,000 tonnes of Zimbabwe's 380,000-tonne sugar crop, says that it will lose Z$6m (£4.5m) in the current year. This compares with a profit of Z$7.9m last year to March, 1982, and almost three times this amount in the previous year.

Although total exports will be 185,000 tonnes, low world prices will see a fall in the country's foreign exchange earnings. Officials were hopeful of an increase in sales to the U.S. being negotiated by the government.

Cash boost for Jamaica bananas

By Canute James in Kingston

THE JAMAICAN government is putting $30m into the Island's banana industry in an effort to rebuild exports to the UK. The Commonwealth Development Corporation is providing $15m with the remainder coming from government funds, and from United Brands of the U.S.

Up to three years ago, Jamaica provided about 25 per cent of all British imports, but following a hurricane in the summer of 1980, exports fell from about 70,000 tonnes per year to 20,000 last year. Mr Percival Broderick, the agricultural minister, has spoken of raising exports to 150,000 tonnes.

United Brands bas been asked by the government to improve the quality of the fruit exported to Britain. Jamaican bananas have acquired a reputation for being of poor quality, and the rebuilding of exports is thought in the industry here to be very difficult as better quality Latin American fruit have taken over Jamaica's share of the market.

Potato planting target attacked

By Our Commodities Staff

THE POTATOE Marketing Board's announcement last week that it had reduced its planting target for 1983 has surprised and disappointed the UK potato processing industry.

This year's target of 163,000 hectares is already too low according to the Potato Processors' Association and the PMB's decision to cut the figure to 161,000 hectares next year was "a great disappointment."

The crispers, dehydrators and frozen and chilled chip manufacturers who make up the Association together take more than 20 per cent of the UK crop.

"We were looking for an increase in the target area," its chairman, Mr Richard Harris, said yesterday.

TROPICAL TIMBER

Painful dilemma for Sabah

BY DAVID DODWELL

THE RECENT collapse in world timber prices has put the Sabah government in a painfull dilemma.

Sabah is second only to Indonesia as a source of tropical timber. The decision by both Indonesia and the Philippines to ban exports of unsawn timber has given Sabab an even more conspicuous role.

Timber is critically important to Sabah. As well it accounts for over 40 per cent of the state's export earnings in 1981, and over 60 per cent of state reveoues. Until recently, timber licences were used as the primary form of political patronage, and were the passport to wealth for the lucky few.

Today, prospects look rather different. Unsawn timber, 70 per cent of whicb goes to Japan, has fallen in price to $105 per cubic metre, less than balf the price of a year ago. A state government royalty of about 50 per cent means that most loggers in the state's interior are operating at loss—and that timbar exporters from the U.S. and the Soviet Union can deeply undercut Sabab's prices.

The slump in timber prices is blamed on the world recession in general and to stagnation in the U.S. bouse-building market in particular. The U.S. slump bas turned tbat country from a net importer of timber into a substantial exporter, furtber aggravating the fall in world prices.

Now the Sabah Government has to decide whether it should try to maintain earnings from timber exports by encouraging the sale of unsawn logs, even though this undermines efforts to establish timber processing industries in Sabah itself, and dilutes the efforts of Indonesia and the Philippines to do the same. The export bans are an attempt to force the main log importers—Japan, Korea and Taiwan—to eet up timber processing plants in the exporting countries. The alternative would be for Sabah to cut back exports in solidarity with Indonesia and the Philippines, and suffer the bardship which the cut in sales would entail.

At present it seems Sabah is trying to get the best of both worlds. It is formally committed to cutting back log exports, increasing the export of processed timber products, and extensive reforestation. But recent statistics show that log exports are substantially up. After rising 6 per cent between 1980-81 to 8.7m cu metres, the trend for the first four months of 1982 implies a further 45 per cent leap. Exports in the four months to the end of April amounted to almost 2.8m cu metres, compared with 1.9m cu metres in the same period last year.

Datuk Harris Saleh, the state's chief minister, challenged critics recently by claiming that the increaso was not at odds with his commitment to cutting exports to 6.5m cu m this year. Land cloarance, he said, was putting extra logs on the market strictly over the short term. Replanting of forest areas also meant clearance of old logs, adding to export volume.

But his case seems more than thin. An editorial in the local daily said on Tuesday: "With timber still the undisputed lifeline of the state, and likely to be so for a long while yet, we have little choice (but to lift exports) if the hectic tempo of development launched half a decade ago is to be sustained. This is notwithstanding the onset of recession, with plummeting timber prices."

For all that, the efforts of the Sobah government to establish timber processing industries, and to reduce dependence on timber, have been notable.

In 1976, unsawn logs accounted for 54 per cent of the state's M$2.2bn exports. By 1981, this bad fallen to 38 per cent of exports worth M$4.4bn. Crude oil exports, worth just M$585m in 1976, have filled the breach, trebliog in value to M$1.57bn last year.

Sawn timber products, which include plywood and veneers, have leapt from nothiog in 1976 to account for M$134m last year. Figures for the first four months of this year abow a further 77 per cent increase, with export earnings rising to M$53m. Export volume for the period to April amounted to 158,000 cu m—68 per cent up on the same period in 1981.

Mr Majid Kahn, chairman of Sabah's Timber Exporters' Association, forecast that by 1990 just 30 per cent of state revenues will come from timber. A further 30 per cent will come from gas, 30 per cent from agriculture and the rest from iodustry.

"By then," he said, "we should be more safely diversified. But for the next 10 years, we will remain extremely vulnerable to fluctuations in the world price of timber."

Shell in NZ forestry deal

By Dai Hayward in Wellington

SHELL OIL is joining New Zealand Forest Products—the country's largest forestry operator — in a multi-million-dollar long-term forestry development.

It will involve initially planting 75,000 acres with radiata pine in the northern part of New Zealand. The initial land purchase aod planting costs will be $NZ 70m. Later the consortium is prepared to invest "bundreds of millions of dollars" for back-up industries.

Mr Bob Broughton, Shell's managing director, said: "My company wants to invest significant amounts in New Zealand over the next 30 years. We see excellent long-term opportunities In export-orientated projects."

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.25	—
Iranian Light	30.00-30.25	—0.20
Arabian Heavy	28.90-28.90	+0.06
North Sea (Forties)	32.55-32.60	—0.10
African (Bonny Li'ht)	35.50-35.60	+0.03
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	327-330	—5.0
Gas oil	281-285	+1.5
Heavy fuel oil	152-153	—

GAS OIL FUTURES

Weakness in the European currencies led to a lower opening and a further fall in prices before support came into the market. Prices steadied again, to reflect buying interest on the physical market, and closed near the highs, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
August	290.25	+1.50	292.50-88.50
Sept.	285.25	+2.75	285.25-79.50
Oct.	287.00	+2.00	287.50-82.00
Nov.	288.50	+2.75	288.25-83.75
Dec.	282.00	+2.75	288.50-85.00
Jan.	289.50	+3.50	—
Feb.	289.50	—0.50	—
March	229.50	—1.00	—
April	227.00	—2.50	—

Turnover: 1,432 (2,031) lots of 100 tonnes.

GOLD MARKETS

Gold fell $10 an ounce from Friday's close in the London bullion market yesterday to finish at $336-337. The metal opened at $335½-336½, its low for the day and touched a best level of $338½-339. The softer trend was due mainly to a rise in U.S. interest rates aod the dollar's sharp rise.

In Frankfurt the 12½ kilo bar was fixed at DM 27,575 per kilo ($338.98 per ounce) against DM 28,020 ($348.0) previously and closed at $335½-336½ from $345-346.

In Luxembourg the dollar per ouoce equivalent of the 12½ kilo bar at the fixing was $337.75 from $346.25.

In Paris the 12½ kilo bar was fixed at FFr 75,700 per kilo ($334.80 per ounce) in the afternoon compared with FFr 75,700 ($334.68) in the morning and FFr 77,000 ($343.36) on Friday.

In Zurich gold finished at $335-338 ($343-346).

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	197.50-8.50	—5.75	198.70
Sept'mb'	199.00-0.00	—2.40	200.20-0.40
October	201.40-1.60	—5.47	201.30-2.70
November	202.75-5.50	—5.35	205.70
December	205.20-6.50	—2.90	205.40
January	207.00-7.50	—2.625	—
February	202.00-10.5	—1.525	—

Turnover: 172 (258) lots of 100 troy ounces.

	Aug. 9		Aug. 6	
Gold Bullion (fine ounces)				
Close	$336-337	(£198¼-198¾)	$346-347	(£202-203⅛)
Opening	$335½-336½	(£198½-199)	$345-346	(£202-202½)
Morning fixing	$337.75	(£199.463)	$340.125	(£202.630)
Afternoon fixing	$336.00	(£198.441)	$344.70	(£201.490)

Gold Coins Aug. 9					
Krugrnd	$346¼-347	(£204¼-204¾)	King Sov	$84½-86	(£50-51)
½ Krug	$178⅛-179¼	(£105¼-105¾)	Victoria Sov	$84½-86	(£50-51)
¼ Krug	$91-92	(£53¾-54¼)	French 20s	$75¾-76	(£45¼-45¾)
1/10 Krug	$37-38	(£21¾-22¼)	50 pesos Mex.	$409-413½	(£241¼-243¾)
Mapleleaf	$346¼-347¼	(£204¼-204¾)	100 Cor. Aust	$328¼-329¾	(£193½-194½)
New Sov	$80-80½	(£47¼-47½)	$20 Eagles	$386-391	(£227¾-230½)

BRITISH COMMODITY MARKET

BASE METALS

BASE METAL prices opened sharply lower on the London Metal Exchange in line with Friday's closing New York levels, and continued to fall. The declines were offset to some extent by the weakness of sterling. Copper was finally £822.5, after a low of £816. Tin fell to £6,800, Lead to £306.5. Zinc to £414, Aluminium to £569 and Nickel to £2,825.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Higher grade				
Cash	8212.2	—27.2	909-10	—36
3 mths	831.5-2	—26.5	820-1	—35.2
Settlem't	822	—27	—	.....
Cathodes				
Cash	722-4	—28.5	725-6	—34.5
3 months	812-.5	—26.2	802-3	—34
Settlem't	794	—20	—	.....
U.S. Prod.	—	—	*70-75	.....

Amalgamated Metal Trading reported that in the morning higher-grade cash copper traded at £821.00; three months £838.00, 37.00, 35.00, 34.00, 33.00, 27.00, 28.00, 29.00, 30.00, 31.00, 32.00. Cathodes: Three months £812.00. Kerb: Higher Grade three months £830.50, 30, 29, 28.5. Afternoon: Higher Grade three months £826.00, 25.50, 25.00, 24.00, 24.50, 24.00, 23.00, 24.00, 24.50, 24.50, 25.00, 22.00, 22.50, 23.00, 22.50, 22.00, 21.00, 21.50, 21.00. Kerb: Higher Grade three months £819.00, 19.5, 19, 18, 18, 18, 0, 21, 20.5, 20, 21, 22, 22. Turnover: 32,975 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7056-46	—45	2865-900	—247
3 months	6980-90	—60	6800-50	—260
Settlem't	7040	—45	—	.....
Standard				
Cash	7035-45	—45	6865-900	—247
3 months	6990-90	—60	6800-50	—260
Settlem't	7040	—45	—	.....
Straits E.	§29.15	.....	—	.....
New York	—	.....		

Tin—Morning: Standard cash £7040; three months £7100, 70, 70, 60, 20, 7000. Kerb: Standard three months £6820, 6760, 70, 80. ETAOIN £6820, 6760, 70, 80. Turnover: 1,780 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	299.5-300	—6.5	298-.5	—5.25
3 months	310-.5	—6	308.5-9	—6
Settlem't	300	—0.5	—	.....
U.S. Spot	—	.....	*28-8	.....

Lead—Morning: Cash £300.00, 299.50, three months £311.00, 10.00, 11.00, 10.50, 10.00, 10.50. Kerb: Three months £310.00. Afternoon: Three [illegible]

ZINC [illegible]

ALUMINIUM [illegible]

NICKEL [illegible]

SILVER

Silver was fixed 11.2p an ounce lower for spot delivery in the London bullion market yesterday at 387.8p. U.S. cent equivalents of the fixing levels spot 657.5c down 24.5c; three-month 678.3c, down 24.2c; six-month 701.3c, down 25.2c; and 12-month 745.0c, down 24.3c. The metal opened at 389-391p (658-662c) and closed at 379-382p (643-647c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	387.80p	—11.2	377.85p	—21.7
3 months	398.30p	—11.2	388.75p	—21.5
6 months	408.30p	—11.7	—	.....
12 months	432.30p	—11.6	—	.....

LME—Turnover 90 (50) lots of 10,000 ozs. Morning: Cash 387.5. Three months 398.0, 98.5, 99.0, 98.5. Kerb: Three months 397.0.

Afternoon: Cash untraded three months 391.5, 89.0, 88.5, 89.0, 89.5, 88.5. Kerb: Three months 390.5, 91.0.

COCOA

Light commission house selling in thin conditions at the opening caused futures to weaken 15p but trade house support later steadied prices as the earlier gains were pared. Producers remained withdrawn but manufacturer price-fixing was evident at the lows, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept.	879-80	—3.0	880-62
Dec.	919-20	—5.0	921-08
March	949-50	—4.0	955-43
May	968-69	—5.5	975-64
July	980-91	—2.5	985-88
Sept.	1000-10	—5.0	1012-00
Dec.	1088-34	—2	—

Sales: 1,469 (2,040) lots of 10 tonnes.

ICCO—Daily price for Aug 9: 87.21 (88.79). Indicator price for Aug 10: 88.31 (88.36).

COFFEE

Further long liquidation in September promoted a weaker opening, reports Drexel Burnham Lambert, despite a 2 cent loss in sterling. Prices drifted lower in thin volume. Trade buying erased losses but continued pressure in nearbys and easier levels created a return to the lows.

COFFEE	Yest'day's Close	+ or —	Business Done
Sept.	1193-94	—3.0	1196-85
Nov.	1089-90	—2.0	1089-83
January	1035-37	+1.0	1044-31
[illegible]			

GRAINS

[illegible]

[illegible] ...99.00, E. Mids. 99.50, N. East 98.70, Scotland 102.40.

RUBBER

The London physical market opened about unchanged and was very quiet throughout the day, closing dull. Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of 198.25 (199.0) cents a kg and SMR 20 171.50 (172.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Sept	51.00-51.50	51.00-51.40	—
Oct	51.70-52.30	51.80-52.50	—
Oct-Dec	52.70-52.80	52.60-52.90	56.00-52.70
Jan-Mar	55.20-55.30	55.30-56.40	55.30-55.20
Apl-Jne	57.90-58.00	57.90-58.00	58.00-57.80
Jly-Sept	60.00-60.70	60.60-60.70	60.70
Oct-Dec	63.20-65.30	63.20-65.30	—
J'n-Mch	65.60-65.70	65.80-65.60	66.00
Apl-Jne	68.10-68.50	67.70-68.50	—

Sales: 146 (155) lots of 15 tonnes, nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.75p (50.00p); Sept 51.00p (same); Oct 51.25p (same).

SOYABEAN MEAL

The market opened around 50p lower in quiet conditions, reports T. G. Reddick. Prices drifted in mixed selling establishing new contract lows and market closed with losses of around £2.50 to £1.00.

	Yesterdys' Close	+ or —	Business Done
	£ per tonne		
August	124.00-25.0	+0.10	125.00
October	123.60-25.8	—2.30	124.40-25.60
Dec.	128.10-28.2	—1.20	129.00-27.50
Feb.	131.50-31.6	—1.50	132.00-31.60
April	132.00-32.4	—1.40	132.70-32.50
June	135.00-34.5	—1.25	—
August	135.50-36.5	—1.50	—

Sales: 74 (67) lots of 100 tonnes, 1,901 (3,245) lots of 50 tonnes.

SOYABEAN OIL—The market opened $10.00 lower due to a strong dollar and lack of buying interest and closed with losses of around $14.00. Closing prices and business done (U.S. $ per tonne): Aug 470.00-40.00, untraded; Oct 448.50-46.00, untraded; Dec 450.50-47.00, 460.00-50.00; Feb 452.50-454.00-52.00; April 460.00-53.00, untraded; June 480.00-50.00, untraded; Aug 490.00-65.00, untraded.

SUGAR

Scattered selling initially caused prices to ease some £1.50. Thereafter quotations were little changed in dull trading conditions.

[illegible]

WOOL FUTURES

[illegible]

POTATOES

[illegible]

TEA AUCTIONS

[illegible]

COTTON

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 9 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£818/815
Free Mkt.	$950/980	.....	$950/980
Copper			
Cash h grade	£809.5	—36	£829
3 mths	£820.0	—35.25	£841.75
Cash Cathode	£785.5	—34.0	£810
3 mths	£802.0	—34	£822.5
Gold troy oz	$550.5	—10	$348
Lead Cash	£299.25	—6.25	£323.75
3 mths	£302.75	—6	£334.70
Nickel	£4025		£4080
Free mkt	250/260c		255/265 c
Platin'mtr oz'y	£260	.....	£960
Free mkt	£157.80	—8.55	£102.20
Quicksilver†	$355/365	.....	$360/370
Silver troy oz	327.80p	—11.20	505.40p
3 mths	388.30p	—11.20	374.55p
Tin Cash	£6877.5	—247.5	£5570
3 mths	£6825	—200	£6802.5
Tungsten 22.0 lb	$114.85	.....	$109.48
Wolfr'm 22.4 lbs	$104-108	.....	$115-110
Zinc Cash	£400	—7.5	£431.5
3 mths	£412.75	—0.75	£452.5
Producers	$200	.....	$200
Oils			
Coconut (Phil)	$420x	.....	$487.5
Groundnut	.....	.....	$557.5
Linseed Crude	.....	.....	£353
Palm Malayan	$355yt	.....	$422.5
Seeds			
Copra Philip	$285x	.....	$315
Soyabean (U.S.)	$247.20	—1.25	$255
Grains			
Barley Fut. Nov	£102.10	+0.20	£108.30
Maize	.....	.....	£156.00
Wheat Fut. Nov	£114.05	+0.05	£115.20
No. 2 Hard Wint	.....	.....	‡
Other commodities			
Cocoa ship't*	£920	.....	£205
Future Dec	£925.5	.....	£992.0
Coffee Ft' Nov	£1089.5	—2.0	£1,026.5
Cotton A Index	78.30c	.....	78.55c
Gas Oil Sept	$285.25	+2.75	$270.5
Rubber (kilo)	49.75p	—0.25	49p
Sugar (Raw)	£105x	—1	£110
Woolt'ps 64s kl.	380p	.....	385p kilo

‡ Unquoted. x Aug-Sept. v July-Aug. w Aug. y Sept. t Oct. † Per 76 lb flask. * Ghana cocoa. n Nominal.

INDICES

FINANCIAL TIMES

Aug. 9	Aug. 6	M'th ago	Y'ar ago
250.02	251.34	253.74	275.41

(Base: July 1 1952 = 100)

REUTERS

Aug. 9	Aug. 6	M'th ago	Y'ar ago
1553.5	1545.7	1559.2	1703.0

(Base: September 18 1931 = 100)

MOODY'S

Aug. 9	Aug. 6	M'th ago	Y'ar ago
1001.3	1000.4	998.5	1070.6

(December 31 1931 = 100)

DOW JONES

[illegible]

(Base: December 31 1974 = 100)

AMERICAN MARKETS

NEW YORK, August 9.

Copper—Aug 59.10 (60.60). Sept 58.50-58.75 (61.10), Oct 59.25, Dec 60.50-60.80, Jan 60.80-61.00, March 62.50-62.70, May 64.00, July 65.20, Sept 66.50, Dec 68.50, Jan 69.20, March 70.60, May 72.00.

Potatoes (round whites)—Nov 67.9-68.0 (69.3), Feb 68.0-68.2 (69.5), March 76.5-77.8, April 88.6.

Sugar—No. 11: Sept 7.26-7.28 (7.37), Oct 7.44-7.49 (7.54), Jan 8.00, March 8.64-8.65, May 8.89-8.90, July 9.12-9.14, Sept 9.45-9.55, Oct 9.50-9.65. Sales: 7,276 (3,601).

Tin—542.00-545.00 (562.00-565.00).

CHICAGO, August 9.

Lard—Chicago loose 24.25 (same).

Live Cattle—Aug 65.97-65.95 (65.35), Oct 64.35-64.25 (64.35), Dec 64.40-64.30, April 62.12, June 62.75, Aug 62.00.

Live Hogs—Aug 62.55-62.65 (63.02), Oct 59.15-59.30 (60.42), Dec 57.80-57.85, Feb 5.00, April 50.20-50.85, June 51.25-51.00, July 51.25-51.00, Aug 49.10.

‡‡Maize—Sept 239¾-239½ (242), Dec 245¾-245½ (246½), March 261½-261¾, May 271½-272, July 278½, Sept 279¾-280.

Pork Bellies—Aug 8.80-83.50 (89.75), Feb 78.40-76.40 (78.40), March 74.62, May 71.85, July 69.85, Aug 68.40.

†Soyabeans—Aug 596¼ (592), Sept 578-577½ (584½), Nov 583½-583, Jan 538½, March 615½, May 620, July 642, Aug 643.

‖Soyabean Meal—Aug 170.2 (171.7), Sept 168.8-168.5 (170.3), Oct 168.8, Dec 173.5-173.3, Jan 176.4, March 181.0-181.5, May 185.5, July 190.0-190.5, Aug 190.0-190.5.

Soyabean Oil—Aug 17.35-17.36 (17.65), Sept 17.42-17.43 (17.74), Oct 17.57-17.54, Dec 17.91-17.90, Jan 18.18, March 18.60, May 18.01-18.95, July 19.30-19.31.

†Wheat—Sept 337-337½ (342½), Dec 359¾-359½ (366¾), March 379¾-379½, May 386, July 384.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

PARIS, August 9.

Cocoa—(FFr per 100 kilos): Sept 1035-1050, Dec 1086-1100, March 1142-11.50, May 1185-1195, July 1222-1230, Sept 1252-1270, Dec 1303-1309. Sales at call: nil.

SUGAR—(FFr per tonne): Oct 1405-1410, Nov 1400-1410, Dec 1430-1440, March 1565-1568, May 1600-1214, July 1625-1635, Aug 1655-1668, Oct 1680-1695. Sales at call: 3.

ROTTERDAM, August 9.

Wheat—(U.S. $ per tonne)—U.S. No. Two Red Winter, Aug 138.50, Sept 141.50. U.S. No. Three Amber Durum, Sept 168, Oct 170, Nov 173, Dec 178. U.S. No. Two Northern Spring 14 per cent, Aug 175, Sept 177.50, Oct 174, Nov 178, Dec 182.

Maize—(U.S. $ per tonne)—U.S. No. Three Corn Yellow, Spot 123, afloat 121, Aug 119, Sept 113.20, Oct/Dec 122.75, Jan/March 122.50 sellers.

Soyabeans—(U.S. $ per tonne)—U.S. Two Yellow Gulfports, Aug 241.25, Sept 237.75, Oct 231.50, Nov 231.75, Dec 236.75, Jan 242.50, Feb 246.75, March 250.25, April 253.25, May 255.50 sellers.

Soyameal (U.S. $ per tonne)—44 per cent afloat, Aug 204, Sept 206, Oct 207, Nov 208, Dec 213, Nov/March 217 sellers.

[illegible] gained several pence. Mediums opened barely steady but closed often dearer. Brighter Central Africans sold readily but plain sorts lost 1p to 3p. Ceylons ruled fully firm with brighter sorts a dearer feature. Quotations: Quality 102p a kg (128p), Medium 112p a kg (109p). Plain no quotation (no quotation).

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: [illegible]

[illegible] 0.22 Spanish: Trays packs per pound 0.18, Williams 0.15-0.20. Peaches—Italian: Large trays 1.60-2.80. Plums—Italian: Burbanks per pound 0.15-0.20; Spanish: Santa Rosa 11 lb 2.00-3.00. Gages—French: 5 kg 3.00; Spanish: 5 kg 2.00-2.30. Grapes—Cyprus: 11 lb Cardinal 2.50-3.00, Sultana 2.60-2.80, Thompson 4.20-4.40, Alphonse Lavallee 4.40, Rosaki 4.40; Italian: Regina 2.00-2.80. Cherries—U.S.: Per pound 1.00-1.10. Strawberries—U.S.: 12 oz 1.60. Litchees—Israeli: 8 oz 0.75. Apricots—Hungarian: 8 kg 2.30-2.50. [illegible]

WORLD STOCK MARKETS

Fresh early Dow fall of 9.8

THE COLLAPSE of the proposed Gulf Oil-Cities Service merger was partly responsible for a further sharp fall in Wall Street stock prices in active early dealings yesterday.

The Dow Jones Industrial Average, after ending 11.51 weaker on Friday at a 27-month low, dipped 9.80 more to 774.54 at 1 pm yesterday. The NYSE All Common Index retreated 80 cents to $58.59, while more than 1,100 issues were lower. Trading volume came to 38.66m shares at 1 pm.

Analysts said Wall Street is also disappointed by the failure of the U.S. economy to respond to stimulative measures from the Reagan Administration. "There is a lack of confidence on the part of investors in Washington's economic policies," said John Smith, of Fahnestock and Co. "The Administration has been promising an economic recovery since the first quarter, and the time-table for the recovery is continually being stretched out," he added.

The National Association of Purchasing Management said its latest survey indicated the U.S. economy remained sluggish in July.

Michael Metz, of Oppenheimer and Co., said many of the arbitragers, traders that specialise on merger speculation, are being forced to liquidate positions because of the decline in the value of the stock of Cities Service that they are holding.

Cities Service, in an effort to stabilise the price of its stock, said it may purchase up to 20m of its shares in the open market, and added that it is again seeking a merged partner.

Cities Service, which fell 8¾ to $37¼ on Friday, had not yet traded. Gulf Oil was off ⅛ at $25⅛.

Steel issues generally surrendered fractions as the industry described as unacceptable the proposed agreement between the U.S. and Europe to limit imports of European steel.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index lost 5.28 to 239.71 at 1 pm. Volume 3.04m shares.

Canada

Markets continued to fall yesterday morning in light trading. The Toronto Composite Index was 15.4 lower at 1,398.0 at midsession, while Oil and Gas shed 56.0 to 2,358.4 and Golds 44.9 to 1,657.5.

Hong Kong

Stock prices plummeted to a two-year low yesterday as worries over the Colony's political future deepened.

Besides the political worries, analysts cited the weakening Hong Kong dollar, recent predictions that export and economic growth this year would fall well below earlier forecasts, disappointing corporate interim results and Wall Street's fall to a 27-month low on Friday.

The Hang Seng index, which staged a technical rally of 27.60 last Friday after having fallen some 165 points since July 21, yesterday dropped 79.75 to 1,089.87. This is the largest one-day decline since last October and leaves the index at its lowest level since July 1980. Turnover, however, remained relatively moderate, amounting to HK$237.19m on the four exchanges against Friday's HK$210.19m.

Tokyo

The recent fall in share prices was sharply extended yesterday as the persistently weak yen and Wall Street's fresh slide to a 27-month low last Friday further undermined sentiment.

The Nikkei-Dow Jones Average, which was 29.14 lower in the half-day Saturday session, receded 62.97 more to 6,976.17, bringing the accumulated fall since last Tuesday's close to 237.24. The Tokyo SE index ended 3.43 weaker at a 1982 low of 518.66, but trading volume was very thin, totalling 140m shares, compared with Friday's 170m and the 130m recorded in the short Saturday session.

Yesterday's Tokyo market fall also partly reflected expectations that Wall Street would react bearishly to the rise in the latest U.S. M-1 money supply figures.

"Deteriorating Japanese economic fundamentals and the yen's fall have dashed any hope of an early return of foreign investors to Japanese stocks," an analyst commented, adding that foreign purchases in August last year lifted the Tokyo market average above 8,000 to an all-time high of 8,019.14.

Foreign investors won't buy unless the yen stabilises, a trader said. By the same token, he added, if foreigners start selling, it could start a panic.

Export-orientated issues again led the decline, with sentiment further depressed by a heavy selling order of Hitachi shares by a private speculative investor. Hitachi lost Y15 to Y542.

Toshiba lost Y11 to Y278, Matsushita Electric Y13 to Y971, Nippon Electric Y16 to Y726, Honda Motors Y35 to Y655, Suzuki Motor Y11 to Y559, Sony Y60 to Y3,040, Ricoh Y16 to Y476 and Fuji Photo Y20 to Y1,350.

Oil shares fell on expectations that oil companies would have to pay more for their supplies in yen terms. Tokio Nagayama, president of Japan's Petroleum Association, was quoted yesterday in the local Press to have said that "the yen's depreciation, if left unchecked, will threaten the industry's viability." Nippon Oil shed Y11 to Y809.

Machine Tools weakened following news that inventories have been building up overseas due to a prolonged slump in sales. Okuma Machinery slipped Y23 to Y443.

Germany

Bourse prices fell afresh over a wide front after the suspension of trading in AEG stock soured the entire market.

In addition to the higher U.S. dollar, firming interest rates and Friday's Wall Street fall, West German equities were depressed by rumours that the nation's second-largest Electricals concern, AEG, was close to insolvency proceedings. Trading in AEG stock was suspended just before the opening bell at the request of Dresdner Bank, the lead-manager of AEG's 25-member bank consortium.

The Commerzbank index dipped 9.6 more to a new low for the year of 668.8.

AEG shares were still suspended at the end of trading but brokers had said the shares were being pegged at near DM 25 in pre-market dealings before being suspended, down from a Friday close of DM 27.80.

Firmer interest rates, posing higher refinancing costs, as well as threatened exposure in AEG credits caused Banks to show some of the sharpest falls of the session. Dresdner slipped DM 3.70 to DM 128, Commerzbank DM 3.30 to DM 126 and Deutsche DM 3.20 to DM 258.30.

In Engineerings, Deutsche Babcock, announcing higher interim turnover but lower incoming orders, dropped DM 6 to DM 170, Mannesmann Demag, presenting a similar report, shed DM 1 to DM 123.

Paris

The sharp appreciation of the U.S. dollar and Wall Street weakness sent stock prices broadly lower.

Traders remarked that a quarter-point reduction in the French Call Money rate had not been sufficient to check stock market fall. Declines led gains by 129 to 28 in the French section.

Australia

Markets were inclined to drift easier yesterday in very quiet trading in the wake of the further sharp fall on Wall Street on Friday.

However, Australian issues held up much better than some analysts had expected, with the All Ordinaries index ending only 3.4 lower at 464.9.

Market leader BHP was just 4 cents easier at A$6.70 on the day after touching A$6.64.

Indices

NEW YORK —DOW JONES

	Aug. 6	Aug. 5	Aug. 4	Aug. 3	Aug. 2	July 30	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆ Industr'ls	784.34	795.85	855.45	816.40	822.11	808.60	882.52 (4/1)	784.34 (12/81)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	60.09	60.07	60.18	60.22	59.98	58.75	60.27 (27/51)	56.97 (12/2)	—	—
Transport.	297.06	301.35	304.56	310.40	314.45	308.75	366.46 (7/1)	297.06 (6/8)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	104.51	104.47	106.07	108.11	106.67	105.22	116.85 (7/6)	105.22 (25/7)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	48,860	34,700	85,440	60,455	55,460	39,275	—	—	—	—

◆ Day's high 798.99 low 791.77

Indust'l div. yield %	July 30	July 23	July 16	Year ago (Approx)
	6.92	6.73	6.74	3.74

STANDARD AND POORS

	Aug. 6	Aug. 5	Aug. 4	Aug. 3	Aug 2	July 30	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	116.69	117.38	118.53	120.54	120.92	119.95	137.28 (4/1)	116.69 (6/8)	160.96 (28/11/80)	3.52 (30/6/32)
§Comp'site	101.71	103.16	106.14	107.83	108.98	107.09	122.74 (4/1)	103.71 (6/8)	140.52 (28/11/80)	4.40 (1/6/32)

	Aug. 4	July 28	July 21	Year ago (approx)
Indust'l div. yield %	6.08	5.99	5.79	4.76
Indust'l P/E ratio	7.40	7.54	7.80	8.62
Long Gov. Bond yield	13.04	13.36	13.07	13.91

NY. S.E. ALL COMMON

Aug 6	Aug. 5	Aug. 4	Aug. 3	1982 High	1982 Low
59.59	60.44	60.97	61.91	71.20 (4/1)	60.44 (5/8)

Rises and Falls	Aug. 6	Aug 5	Aug 4
Issues Traded	1,824	1,834	1,853
Rises	427	431	368
Falls	959	1,017	1,107
Unchanged	433	386	384
New Highs	9	4	6
New Lows	113	133	120

MONTREAL	Aug 6	Aug. 5	Aug 4	Aug. 3	1982 High	1982 Low
Industrials	258.67	260.29	258.63	260.67	332.79 (4/1)	249.68 (21/6)
Combined	245.80	248.84	246.37	247.97	316.08 (4/1)	257.27 (21/6)
TORONTO Composite	1413.4	1413.4	1421.1	1425.6	1956.3 (4/1)	1352.2 (7/7)

	Aug. 6	Aug. 5	Aug. 5	Aug. 4	1982 High	1982 Low
AUSTRALIA All Ord. (1/1/80)	464.9	468.8	469.2	475.5	565.5 (4/1)	443.2 (8/7)
Metal & Minls. (1/1/80)	343.0	347.2	348.0	354.4	425.1 (5/1)	293.0 (8/7)
AUSTRIA Credit Aktien (2/1/62)	48.83	48.06	48.28	48.87	55.38 (4/1)	48.07 (24/6)
BELGIUM Belgian SE (31/12/63)	93.66	94.47	94.55	94.94	102.45 (5/4)	96.40 (29/1)
DENMARK Copenhagen SE (1/1/73)	112.73	112.55	112.54	112.88	126.22 (25/2)	109.0 (12/7)
FRANCE CAC General (31/12/81)	95.4	96.0	98.3	97.4	111.0 (12/5)	95.4 (6/8)
Ind Tendance (31/12/81)	107.8	109.0	109.5	110.6	124.8 (12/5)	27.7 (4/1)
GERMANY FAZ-Aktien (31/12/58)	220.22	223.76	225.75	226.47	263.43 (5/4)	218.55 (15/1)
Commerzbank (Dec 1953)	668.8	678.4	688.8	689.4	729.0 (5/4)	668.8 (6/8)
HOLLAND ANP-CBS General (1970)	84.7	85.5	86.3	85.4	96.0 (10/5)	84.3 (8/7)
ANP-CBS Indust (1970)	67.7	68.5	68.2	68.7	74.8 (10/5)	65.2 (4/1)
HONG KONG Hang Seng Bank (31/7/64)	1089.87	1169.62	1142.02	1146.51	1445.52 (12/1)	1088.87 (9/8)
ITALY Banca Comm Ital. (1972)	158.69	157.56	195.08	158.97	212.95 (18/8)	147.28 (22/7)
JAPAN** Dow Average (16/5/49)	6976.17	7039.28	7082.87	7186.22	7926.55 (27/1)	6889.53 (17/5)
Tokyo New SE (4/1/68)	515.66	524.17	525.04	530.04	586.29 (27/1)	518.59 (9/8)
NORWAY Oslo SE (1/1/72)	115.35	117.25	117.86	117.55	160.55 (26/1)	108.12 (1/4)
SINGAPORE Straits Times (1966)	(c)	628.00	651.42	645.75	810.75 (6/1)	628.00 (6/8)
SOUTH AFRICA Gold (1958)	(u)	455.7	457.4	456.8	569.5 (8/1)	436.5 (8/7)
Industrial (1958)	(u)	575.1	572.9	579.7	711.7 (6/1)	507.5 (28/6)
SPAIN Madrid SE (30/12/81)	(c)	92.10	92.77	92.82	107.45 (5/2)	86.81 (15/7)
SWEDEN Jacobson & P. (1/1/58)	628.85	634.14	653.82	652.61	656.52 (22/7)	555.32 (25/4)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	237.4	242.3	243.3	244.6	265.1 (11/1)	237.4 (7/7)
WORLD Capital Intl. (1/1/70)	—	120.9	122.6	123.8	147.2 (4/1)	120.8 (5/8)

(**) Saturday Aug. 7: Japan Dow 7039.14. TSE 522.09.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Atl. Rich.	1,485,400	33¾	−⅜	Warner Com.	535,200	38⅜	−1½
Exxon	1,003,800	26¾	—	Heublein	496,600	57⅝	−½
Mattel	693,400	12¾	+¼	Tandy	489,300	25	−⅜
Eli Lilly	578,300	45½	−3	Pfizer	465,700	53⅞	+⅜
Cont. Ill.	572,800	15¾	−⅛	Transwrl.	427,800	16⅝	−⅜

NEW YORK — CANADA — BELGIUM (continued) — HOLLAND — AUSTRALIA — JAPAN (continued) — DENMARK — FRANCE — ITALY — NORWAY — SWEDEN — GERMANY — SWITZERLAND — AUSTRIA — BELGIUM/LUXEMBOURG — HONG KONG — SINGAPORE — SOUTH AFRICA — JAPAN — BRAZIL

Financial Rand US$0.75¼ (Discount of 12½%)

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Sterling weakness and gloomy economic situation continue to undermine equity and Gilt markets

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 16	Sept 2	Sept 3	Sept 13
July 19	July 29	July 30	Aug 9
Aug 2	Aug 12	Aug 13	Aug 23
Aug 16	Sept 2	Sept 3	Sept 13

* "New-time" dealings may take place from 2.30 am two business days earlier.

Worries about sterling, which yesterday tumbled to a 68-month low against the dollar partly reflecting the latest of this summer's reductions in clearing bank base rates, and the weak state of the economy as presented last week by the CBI, were two of several adverse influences affecting London stock markets yesterday.

Others included Wall Street's continued slide—the Dow Jones index is at a 28-month low point as a result of similar concern over U.S. industry — and rising short-term U.S. interest rates despite the administration's attempts to ease its tight monetary policy.

London equity dealers adopted defensive tactics at the opening. Leading shares were lowered several pence in order to deter nervous selling and the manoeuvre met with a large measure of success. Most blue chips eventually edged away from the lowest as professional operators sought to close bear positions, but institutional interest was virtually non-existent. Inquiries from smaller investors were also extremely slow.

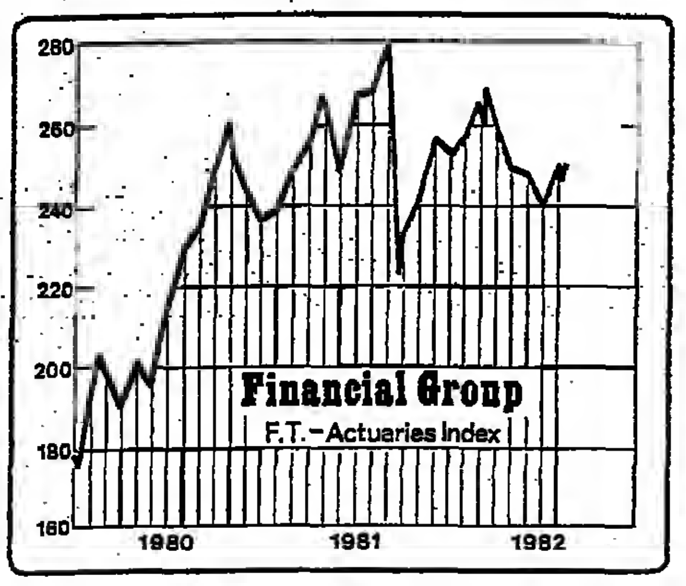
Illustrating the extent of the early mark-down, the FT Industrial Ordinary share index was 10.1 lower at the first calculation. Despite another early plunge on Wall Street early yesterday, the 30-share index closed 8.4 down at 540.4, its lowest since January 18 and 53.6 points off the 1982 high recorded in June.

With prospects for another round of base rate cuts receding owing to current pressures on sterling and the latest rise in American interest rates, recently strong Government securities gave more ground. In this market, too, lower opening quotations deterred selling of any size and late in the afternoon short and longer-dated stocks moved above the worst. Early losses of ⅝ at both ends of the market were later reduced to around ⅜, although one or two issues closed with ½-point falls. The FT Government Securities index relinquished most of last week's overall gain to close 0.27 lower at 72.39.

CU edge forward

Commercial Union, which starts the Composite Insurance interim dividend season today, edged forward a couple of pence to 137p. General Accident, which report first-half results tomorrow, softened 2 to 304p, while GRE shed 6 to 292p.

A dull market since last Thursday's disappointing interim figures, Barclays rallied 2 to 378p in a lethargic banking sector. Discount Houses trended lower in sympathy with gilts: Cater Allen declined 10 to 330p and falls of 7 and 8 respectively were seen in Union, 465p, and Gerrard and National, 300p. Hire Purchases also came on offer. Provident Financial relinquished 3 to 127p and London Scottish Finance softened 2 to 43p.



Lack of investment incentive prompted another dull showing among leading Breweries. A firmer undertone was noticeable after the "house" close, but most still finished at the day's worst. *Grand Metropolitan* eased 6 to 237p. Arthur Guinness shed 2 more to 87p. Recently buoyant ciders also trended lower and, despite a favourable mention, H. P. Bulmer dipped 15 to 550p, while Merrydown Wine were marked 5 lower at 160p.

A gloomy survey from the Federation of Civil Engineering Contractors took its toll on sentiment in the Building sector, falls of 10 being marked against Taylor Woodrow, 510p, Tarmac, 316p, and Newarthill, 470p. Still overshadowed by the decision to peg cement prices, Blue Circle weakened afresh to 430p before settling at 435p for a fall of 10 on the day. Further profit-taking left Barratt Developments 5 down at 291p, while Y. J. Lovell came on offer and gave up 9 to 130p.

ICI opened lower at 284p and eased further to 278p before closing at 280p for a fall of 8 on the day. Elsewhere in Chemicals, Laporte eased 3 to 151p and Arrow 2 to 45p. Amersham gave up 7 to 233p.

Stores dip and rally

Marked sharply, if selectively, lower at the outset, leading Stores attracted a reasonable two-way business and most reverted to Friday's closing positions; Gussies A, down to 502p earlier, recovered to close unchanged at 510p, as did British Home, at 161p after 157p. F. W. Woolworth, still nervous awaiting tomorrow's half-timer, eased the turn to 44½p. Adverse comment clipped 4 from Habitat Mothercare at 156p. Movements of note in secondary issues were few and far between although useful support was noted for E. Upton which firmed 3 to 37p with the A 6 up at 31p. Waring and Gillow, on the other hand, shed 3 to 77p. Currys, 160p, and Owen Owen, 157p, both lost 8, while Polly Peck fell 10 to 325p.

Marked down sharply at the outset, Electrical leaders later rallied on cheap buying but still closed with falls ranging to 9. Thorn EMI ended that much lower at 406p, while BICC cheapened 5 to 290p, after 285p. Plessey picked up from 500p to finish only 2 off on the day at *510p*. Elsewhere Cable and Wireless relinquished 8 to 262p, Ferranti 11 to 387p, United Scientific 7 to 345p and Dubilier 3 to 88p. Against the trend, Pifco issues hardened, the ordinary and A ending 10 and 5 up respectively at the common level of 165p. Dealings in Newman Industries were suspended at 8p pending further details of financial proposals.

The Engineering sector remained sensitive to scattered offerings following recent prominence given to manufacturing industry's fears of a further decline into recession. Simon closed another 7 lower at 353p, while Babcock ended 4 down at 101p and John Brown 3 cheaper at 38p. ML Holdings fell 10 to 285p awaiting today's preliminary figures. Smaller-priced issues to give ground included J. H. Dennis, which eased 2 to 14p, and Acrow A, a similar amount lower at 23p. Against the trend, Laird Group firmed a penny to 112p in response to favourable Press mention. Leading issues usually closed a few pence lower, but TI hardened a couple of pence to 98p awaiting tomorrow's half-year statement.

Foods drifted lower for want of attention. Cadbury Schweppes eased 3 to 102p, while Rowntree Mackintosh gave up 4 to 174p. Following the announcement that the company is to close its Liverpool factory, Barker and Dobson finished ½ harder at 8½p: the price in Saturday's issue was incorrect.

BOC down again

Miscellaneous industrial leaders began the week with fresh falls. An early sharp mark-down and renewed selling brought further sharp falls and BOC, down 9 on Friday, fell 6 more to 160p on nervous offerings ahead of Thursday's third-quarter figures. Still unsettled by adverse comment about the group's Norval drug, Beecham lost the same amount to 280p, while Glaxo gave up 5 to 715p, after 710p. BTR fell 6 to 314p and Reed International 4 more to 264p, the latter on further consideration of the poor first-quarter figures. Fisons declined 7 to 358p and Unilever dipped 5 to 605p, after 600p.

Hong Kong issues were first in the wake of the near-80 point fall in the Hang-Seng index. China Light plummeted 18 to 118p as did Hutchinson Whampoa to 130p, while Swire Pacific A, 91p, and Jardine Matheson, 150p, fell 12 apiece and Wheelock Marden lost 6 at 46p. A "sell" recommendation clipped 3 more from English China Clays at 150p, while Aeronautical and General eased 3 to 195p awaiting today's annual figures. Against the trend, Kennedy Smale advanced 12 to 175p in response to a Press suggestion of an imminent bid of around 200p per share coming from Charles Hill of Bristol. Manchester Ship Canal jumped 10 to 72p on the reduced interim deficit, while Dwek encountered speculative support and firmed 2½ to 8p.

The increased interim profits and dividend from Horizon Travel were well discounted and, following the company's bearish view of second-half trading, the shares fell to 176p before rallying to close 7 down on balance at 181p.

In Properties, Land Securities eased 3 to 273p as did Capital and Counties, to 128p, while Daejan fell 4 to 158p and Samuel ended the same amount lower at 87p. Property Security Investment softened the turn to 118p following the results, and Far-Eastern advices left Hong Kong Land 6 cheaper at 61p.

Oils dull

Marked down initially in the wake of last Friday's weakness on Wall Street, Oil shares drifted off a shade further. A subsequent rally left quotations a few pence above the worst, British Petroleum closing 8 lower at 260p, after 256p, and Shell ending a like amount down at 368p, after 366p. Tricentrol held steady at 174p in front of today's interim figures. Among the exploration issues, Berkeley gave up 10 to 128p, while falls of around 5 were recorded in Candecca, 197p, Carless Capel, 148p, and Marinex, 85p.

Trusts followed the equity sectors lower. Far Eastern advices left Jardine Securities 16 down at 112p. Among Financials, Aitken Hume fell 8 to 157p and losses of 5 were marked against Akroyd and Smithers, 238p, and Exco, 198p.

P. and O. deferred stood out in dull Shippings with a fall of 7 to 144p. Ocean Transport closed a penny off at 116p awaiting today's half-year figures.

Textiles again featured Nottingham Manufacturing which, having announced disappointing first-half figures last week, remained under pressure and fell to 168p before closing a net 6 cheaper at 172p. Carrington Viyella eased a fraction to 8p following another sizeable mid-term deficit.

Tobaccos lacked support and Bats declined 7 to 451p, after 448p. Imperial, additionally unsettled by a "take profits" recommendation, dropped 5 to 91p.

Golds lose ground

The $10 fall in the bullion price between the close on Friday and yesterday's opening quotation caused widespread falls in South African Golds, and the market remained nervous until just before the close, when there were signs of renewed steadiness.

Among the heavyweights, President Brand at £13⅞ and President Steyn at £12¼ both closed ⅜ down, while declines of around ½ were common to Randfontein at £26, Winkelhaak at £12⅝, Southvaal at £15¼, Vaal Reefs at £29¾, Free State Geduld at £12 and St Helena at £13.

ERPM fell 40 to 413p, Kinross 31 to 531p, Grootvlei 26 to 398p and Durban Deep 21 to 974p. The Gold Mines index lost 6.9 to 247.8, and gold closed at $336.50, down $10.

The gold-based South African Financials suffered, with both Amgold and Gold Fields of South Africa ¾ poorer at £32¼ and £31½ respectively, while Gencor gave up 20 to 710p.

Anglo American at 553p, New Wits at 207p and Middle Wits at 450p were all around 10 lower, but Sentrust recovered from last week's heavy decline to close at 428p, up 19.

London Financials had a reasonably active day and regaining some ground towards the close after having opened weaker. Gold Fields lost 8 to 387p, Charter 3 to 167p after 166p at one stage, and Rio Tinto-Zinc closed just a penny cheaper at 397p after 394p.

Australians also saw good two-way business, with most of the leading stocks around 6 cheaper, as in Western Mining, 172p, MIM Holdings 168p and Meekatharra Minerals 110p. CRA lost 8 to 176p, while Gold Mines of Kalgoorlie closed 10 lower at 195p.

Renison slid 12 to a low for the year of 112p on news of the cost-cutting measures which underlined the seriousness of the company's position.

Volume in Traded Options continued to expand and 2,493 contracts were done. Once again, a significant amount of business was transacted in puts reflecting the weak tone of the London equity market. Imperial Group were particularly active, recording 551 calls, 210 in the August 90's, and 232 in the November 90's, and 181 puts; the August *100's attracted 18 trades*, and closed 4 higher at 8p. Lonrho remained to the fore with 414 calls transacted, 338 of which were struck in the popular November 80's.

FINANCIAL TIMES STOCK INDICES

	Aug. 9	Aug. 6	Aug. 5	Aug. 4	Aug. 3	Aug. 2	A year ago
Government Secs.	72.69	72.66	73.06	73.15	73.06	72.79	64.23
Fixed Interest	72.94	73.25	75.42	73.30	73.22	72.92	65.44
Industrial Ord.	540.4	548.8	558.7	560.3	566.2	558.2	543.8
Gold Mines	247.8	254.7	256.7	253.8	261.1	256.6	558.4
Ord. Div. Yield	6.46	5.36	5.26	5.25	5.22	5.27	5.70
Earnings, Yld.% (full)	11.70	11.51	11.28	11.27	11.22	11.34	10.53
P/E Ratio (net) (*)	10.54	10.51	10.69	10.70	10.75	10.63	12.07
Total bargains	16,028	16,156	13,500	13,688	16,645	13,125	16,707
Equity turnover £m	—	106.54	120.12	116.66	169.83	110.19	120.73
Equity bargains	—	10,288	11,010	11,497	12,762	11,968	13,557

10 am 538.7. 11 am 538.1. Noon 540.5. 1 pm 540.9. 2 pm 540.9. 3 pm 540.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.60.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	73.13 (4/8)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	73.42 (5/8)	62.72 (7/1)	150.4 (28/11/47)	50.55 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (6/1)	181.2 (22/6)	558.2 (22/9/80)	45.5 (26/10/71)

S.E. ACTIVITY

	Aug. 6	Aug. 5
—Daily		
Gilt Edged Bargains	221.6	220.5
Equities Bargains	66.7	71.3
Value	215.3	242.8
5-day Avrge.		
Gilt Edged Bargains	226.8	218.6
Equities Bargains	74.5	77.5
Value	247.9	262.6

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. or amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	43	37	Anglo-Nordic 5p	37	.....	b0.82	2.0	5.4	20.5
¶¶	F.P.	—	82½	73	Antofagasta Hldgs£1	80	.....	7.0	3.6	12.5	2.8
¶¶	—	30/7	20	11	Argyll Foods Warr'ts	17	.....	—	—	—	—
§45	F.P.	—	46	34	Atlantic Res. Int.	35	+1	—	—	—	—
—	F.P.	—	24	24	Beredin Holdings 5p	24	.....	0.65	1.6	3.9	25.6
35	F.P.	7/2	65	44	✠Bio-Isolates 10p	57	.....	—	—	—	—
§36	F.P.	—	42	38	✠Coleman Milne 10p	42	+2	u1.5	3.2	5.1	6.8
§68	F.P.	30/7	56	52	✠Dencora	54	.....	—	—	—	—
—	F.P.	29/11	106	100	✠Ecobric New Ord£1	100	.....	bd10.5	1.8	15.0	4.4
—	F.P.	—	63	60	✠ Do. Defd	60	.....	—	—	—	—
§110	F.P.	17/9	182	160	✠Int'europeTech.20p	162	−2	u4.0	1.8	3.3	21.7
§60	F.P.	6/8	60	49	✠Knight Cmptr Int5p	49	−1	bd1.6	2.0	4.7	15.8
§157	F.P.	30/7	123	150	✠McCarthy & Stone	187	.....	b5.75	2.7	4.4	11.2
¶120	F.P.	27/8	171	135	Multitone Elect	168	.....	u2.53	6.4	2.1	14.2
§150	F.P.	15/8	155	150	✠Oilfield Insp. Srvs	133	.....	u2.1	3.7	2.0	17.4
—	F.P.	—	23	20	RIT & NorthernWar'ts	20	−2	—	—	—	—
¶¶	F.P.	—	38½	38	Rowe Evans Inv. 10p	54	.....	—	—	—	17.9
‡‡	F.P.	—	15	12	✠Sheraton Secs 10p	12	.....	—	—	—	—
¶¶	F.P.	—	44	37	Walker (Alfred) 10p	37	−1½	b0.73	6.3	2.2	6.2
—	F.P.	—	36	30	✠Yelverton Invs. 5p	29	−1	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price	+ or −
¶¶	F.P.	—	60p	52p	Antofagasta 3.5% Pref.(£1)	33p	.....
99.528	£20	—	22¾	21¼	Australia 13½% Ln. 2010	21½	−1
§100	F.P.	29/7	100½	05	Cronite 14% Gnv. Uns. Ln. '92	87	.....
100	F.P.	—	101⅛	100⅛	Nationwide Bdg. Soc. 14% (4/7/83)	101¼	−⅛
100	F.P.	—	100⅞	100⅛	Do. 15⅛% (25/7/83)	100⅞	.....
100	F.P.	—	100	99⅝	Do. 11⅞% (15/8/83)	100	.....
29.345	£25	—	22¾	24⅛	New Zealand 14¼% 1987	29	−¾
100	£25	0/9	25½	25	Portsmouth Water 14% Red. Deb. '02	25	−½
§IR£1	F.P.	3/9	83	83	Smurfit (Jefferson) Pref. Units 2p	82	.....
¶100	£10	17/11	14½	16½	West Kent Water 8¾% Red. Prel. 87-90	14½	.....

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
180	Nil	—		60pm	44pm	Automated Security 10p	44pm	−4
170	F.P.	13/6	24/6	190	180	Bank Leumi (UK) £1	180	.....
100	Nil	—	—	40pm	50pm	✠Berkeley Exploration £1	30pm	−8
103	F.P.	6/8	17/9	122	117	Blundell-Permoglaze	117	−2
78	F.P.	2/8	17/8	84	80	Goal Pet. 5p	84	.....
26	F.P.	26/7	3/9	25½	22	Jenks & Cattell	92	.....
66	F.P.	30/7	20/8	81	75	Minster Assets	76	−1
50	F.P.	24/6	13/8	62	62	Press (Wm.) 10p	60	−1
216	F.P.	5/7	13/8	283	269	Sketchley	281	−1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *r* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividends and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. ¥ Issued free as an entitlement to ordinary holders.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
RTZ	14	398	−17	BPB Industries	11	475	−17
GUS "A"	13	510	−10	Blue Circle	11	445	−25
Racal Electronic	13	472	−11	Stand'd Chart'd	11	396	−17
Barclays Bank	12	376	−14	BAT Industries	10	458	−7
Beecham	12	286	−2	Charter Cons'd	10	170	−13
Glaxo	12	720	−15	Fisons	10	365	−15
Plessey	12	312	−8	Unilever	10	610	−10

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BICC	290	−5	Manchester Ship Canal	72	+10
Barratt Developments	291	−5	P & O Deferred	144	−7
Blue Circle	435	−10	Plessey	510	−2
Glaxo	715	−5	Renison	112	−12
Horizon Travel	181	−7	RTZ	397	−1
Kennedy Smale	175	+12	Unilever	605	−6

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon. Aug 9 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Aug 6 Index No.	Thur Aug 5 Index No.	Wed Aug 4 Index No.	Tues Aug 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	390.73	−1.5	9.76	4.31	12.88	396.75	402.92	402.86	405.11	357.50
2	Building Materials (23)	328.83	−1.5	12.56	5.60	9.90	333.92	341.09	342.84	346.95	305.58
3	Contracting, Construction (28)	611.75	−1.6	14.27	5.05	8.36	618.14	624.64	621.07	624.51	554.86
4	Electricals (31)	1544.75	−1.7	6.99	2.10	18.73	1571.64	1592.78	1591.04	1597.35	1198.95
5	Engineering Contractors (11)	468.85	−1.2	14.17	6.45	8.52	474.72	477.07	475.61	475.61	498.85
6	Mechanical Engineering (67)	191.86	−1.2	12.04	6.14	10.07	194.22	196.88	196.99	197.94	204.55
8	Metals and Metal Forming (11)	139.29	−1.7	13.49	8.71	9.19	141.70	144.73	145.79	147.67	154.81
9	Motors (20)	77.78	−1.3	3.16	9.04	—	78.79	80.29	80.70	81.49	108.34
10	Other Industrial Materials (18)	337.32	−1.5	10.97	6.33	11.15	342.54	349.25	349.96	351.25	384.48
21	CONSUMER GROUP (202)	312.67	−1.2	12.74	5.57	9.51	316.34	321.47	322.39	324.90	283.67
22	Brewers and Distillers (22)	340.57	−1.6	13.96	6.11	8.70	346.08	353.83	353.22	356.29	301.16
25	Food Manufacturing (22)	271.54	−1.1	16.69	6.69	7.00	274.49	276.01	278.29	279.80	264.09
26	Food Retailing (14)	660.53	−0.8	8.90	3.40	13.80	665.71	673.73	676.55	680.56	542.59
27	Health and Household Products (9)	479.04	−1.4	7.14	3.53	16.53	485.97	497.93	497.58	499.72	340.96
29	Leisure (23)	404.35	−1.7	10.41	5.90	12.18	411.32	415.68	415.61	418.72	455.66
32	Newspapers, Publishing (13)	524.42	+0.1	11.74	5.95	10.72	523.78	523.78	526.48	525.08	487.97
33	Packaging and Paper (14)	132.76	−0.9	18.15	8.36	6.40	133.98	135.43	142.61	142.48	147.41
34	Stores (45)	282.41	−0.3	10.31	4.95	12.89	283.21	288.15	288.24	291.99	265.39
35	Textiles (23)	163.13	−1.6	14.10	6.56	8.63	165.76	166.73	167.89	169.17	159.87
36	Tobaccos (3)	329.22	−2.5	24.33	8.40	4.59	337.79	342.24	344.60	347.26	266.11
39	Other Consumer (14)	256.77	−1.6	6.66	6.10	29.60	260.99	263.26	268.89	268.84	284.99
41	OTHER GROUPS (76)	247.13	−1.9	14.52	6.83	8.32	251.79	255.50	254.86	256.07	227.53
42	Chemicals (15)	316.86	−2.4	15.51	7.56	7.67	324.70	329.66	328.09	332.81	281.00
44	Office Equipment (4)	94.03	−0.6	17.30	9.28	7.10	94.62	96.68	97.85	98.84	118.62
45	Shipping and Transport (13)	562.04	−1.9	18.72	7.27	6.51	572.83	579.91	579.61	580.68	548.99
46	Miscellaneous (44)	331.02	−1.5	12.99	5.74	10.11	335.99	340.70	340.10	340.67	299.38
49	INDUSTRIAL GROUP (487)	330.01	−1.4	11.84	5.25	10.34	334.64	339.91	340.27	342.81	308.90
51	Oils (13)	635.69	−1.9	26.95	9.35	4.54	647.89	651.57	657.26	666.33	778.21
59	500 SHARE INDEX	355.11	−1.4	13.71	5.81	8.75	360.33	365.51	366.39	369.11	339.46
61	FINANCIAL GROUP (117)	245.10	−0.5	—	7.04	—	246.24	249.65	251.23	252.61	267.55
62	Banks (6)	263.12	−0.1	38.56	9.09	2.85	263.39	268.97	272.05	273.68	275.27
63	Discount Houses (9)	252.76	−2.0	—	9.24	—	258.05	258.05	257.45	254.08	266.53
65	Insurance (Life) (9)	265.35	−0.3	—	6.89	—	266.18	269.52	269.59	278.32	270.14
66	Insurance (Composite) (10)	156.77	+0.1	—	9.03	—	156.55	158.36	159.30	160.54	177.52
67	Insurance Brokers (7)	513.44	+0.2	10.97	5.06	12.48	512.34	517.70	516.51	515.91	427.59
68	Merchant Banks (12)	136.08	−0.9	—	6.52	—	137.29	138.23	138.52	138.79	170.15
69	Property (49)	410.29	−1.1	5.65	3.95	23.51	414.88	418.74	420.00	425.89	477.98
70	Other Financial (15)	163.86	−1.4	16.82	7.09	6.12	166.11	170.04	170.47	171.00	182.96
71	Investment Trusts (111)	289.18	−0.9	—	5.69	—	291.93	294.35	295.76	297.67	318.44
81	Mining Finance (4)	193.74	−1.9	16.15	7.25	7.76	197.81	205.08	206.56	207.52	277.28
91	Overseas Traders (18)	358.32	−1.3	14.66	8.94	8.34	362.92	363.90	364.15	366.63	427.71
99	ALL-SHARE INDEX (750)	325.64	−1.2	—	6.08	—	329.76	334.47	335.48	337.89	325.30

FIXED INTEREST

	PRICE INDICES	Mon Aug 9	Day's change %	Fri Aug 6	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	119.89	−0.29	118.16	—	6.52
2	5-15 years	126.28	−0.36	117.42	0.17	8.67
3	Over 15 years	120.56	−0.50	121.95	—	8.76
4	Irredeemables	125.91	−0.32	124.63	—	7.27
5	All stocks	117.23	−0.36	117.97	0.06	7.87
6	Debentures & Loans	92.68	−0.46	93.08	—	6.69
7	Preference	64.09	—	64.08	—	3.87

	AVERAGE GROSS REDEMPTION YIELDS		Mon Aug 9	Fri Aug 6	Year ago (approx.)
	British Government				
1	Low	5 years	9.79	9.68	12.69
2	Coupons	15 years	12.02	11.99	13.20
3		25 years	12.20	12.13	13.44
4	Medium	5 years	12.59	12.39	14.85
5	Coupons	15 years	13.06	13.00	15.25
6		25 years	[illegible]	[illegible]	[illegible]
7	High	5 years	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (16)

BRITISH FUNDS (1)
Exchqr 9¼pc 1982
CORPORATION LOANS (8)
G.L.C. 12½pc '83 London Corp. 13¼pc 1983
COM'WEALTH & AFRICAN LOANS (1)
Australia 6pc '81-83
CHEMICALS (1)
Ciba Geigy 8½pc Cnv. 1982-85
STORES (2)
Liberty Milletts Leisure
ENGINEERING (1)
Farmer (S. W.)
HOTELS (1)
Queen's Moat 10½pc Conv. 1989-91
INDUSTRIALS (3)
Dwek Group Ricardo Kennedy Smale
PAPER (1)
Harrison Cowley
TEXTILES (1)
Stirling Group
TRUSTS (2)
New Throg. Inc. Tor Inv. Inc.

NEW LOWS (130)

INT. BK. & O'SEAS GOVT. STLG. ISS. (1)
AMERICANS (1)
BANKS (2)
BUILDINGS (8)
CHEMICALS (2)
DRAPERY & STORES (3)
ELECTRICALS (8)
ENGINEERING (27)
FOODS (3)
HOTELS (1)
INDUSTRIALS (31)
INSURANCE (1)
LEISURE (1)
MOTORS (3)
PROPERTY (8)
SHIPPING (1)
SHOES (1)
TEXTILES (3)
TRUSTS (17)
OIL & GAS (3)
PLANTATIONS (1)
MINES (10)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	82	9
Corpns. Dom. & Foreign Bonds	4	28	42
Industrials	87	541	704
Financial & Props.	39	257	217
Oils	8	41	59
Plantations	—	4	18
Mines	9	90	58
Others	40	60	47
Totals	188	1,105	1,154

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 9	Aug 20	Nov 11	Nov 22
Aug 23	Sept 3	Nov 25	Dec 6
Sept 13	Sept 24	Dec 9	Dec 20

For rate indications see end of Share Information Service

Stocks favoured for the call included Nimslo, Turner and Newall, ICL, Fitch Lovell, Westminster Properties, Blue Circle, Tozer Kemsley and Millbourn, Glaxo, Sound Diffusion, Premier Oil, Multitone, Somportex and Bio-Isolates. No puts were reported. Double options were arranged in Turner and Newall, ICI and ICL.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on August 3 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rates; (P) based on U.S. dollar parities and going sterling/dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	29.00
Albania	Lek	9.85
Algeria	Dinar	7.8670
Andorra	French Franc	11.8925
	Spanish Peseta	189.70
Angola	Kwanza	(IGM) 50.7025
Antigua (S)	E. Caribbean $	(T) 4.59
Argentina	Ar. Peso	(cm) 58,007
Australia (S)	Australian $	1.7295
Austria	Schilling	30.055
Azores	Portug'se Escudo	145.75
Bahamas	Ba. Dollar	1.7000
Bahrain	Dinar	[illegible]
Balearic Isles	Spa. Peseta	193.70
Bangladesh	Taka	[illegible]
Barbados	Barbados $	3.40
Belgium	B. Franc	(cm) 81.70 (fn) 86.30
Belize	B $	3.40
Benin	C.F.A. Franc	594.75
Bermuda	Bda $	1.7000
Bhutan	Indian Rupee	16.33
Bolivia	Bolivian Peso	(fom) 74.80
Botswana	Pula	[illegible]
Brazil	Cruzeiro	[illegible]
Brit. Virgin Isles	U.S. $	1.7000
Brunei	Brunei $	[illegible]
Bulgaria	Lev	[illegible]
Burma	Kyat	[illegible]
Burundi	Burundi Franc	[illegible]
Cameroon Republic	C.F.A. Franc	594.75
Canada	Canadian $	2.1560
Canary Islands	Spanish Peseta	193.70
Cape Verde Isle	Cape V. Escudo	[illegible]
Cayman Islands	Cay. Is. $	[illegible]
Cent. Afr. Republic	C.F.A. Franc	594.75
Chad	C.F.A. Franc	594.75
Chile	Chilean Peso	[illegible]
China	Renminbi Yuan	3.2619
Colombia	C. Peso	[illegible]
Comoro Islands	C.F.A. Franc	594.75
Congo (Brazzaville)	C.F.A. Franc	594.75
Costa Rica	Colon	[illegible]
Cuba	Cuban Peso	[illegible]
Cyprus	Cyprus £	0.837
Czechoslovakia	Koruna	[illegible]
Denmark	Danish Krone	14.90
Djibouti	Fr.	[illegible]
Dominica	E. Caribbean $	4.59
Dominican Repub.	Dominican Peso	1.7000
Ecuador	Sucre	[illegible]
Egypt	Egyptian £	[illegible]
Equatorial Guinea	Ekuele	[illegible]
Ethiopia	Ethiopian Birr	(P) 3.5400
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Krone	14.90
Fiji Islands	Fiji $	[illegible]
Finland	Markka	8.1680
France	French Franc	11.8925
French C'ty in Af	C.F.A. Franc	594.75
French Guiana	Local Franc	11.893
French Pacific Is.	C.F.P. Franc	[illegible]
Gabon	C.F.A. Franc	594.75
Gambia	Dalasi	[illegible]
Germany (East)	Ostmark	4.265
Germany (West)	Deutsch Mark	4.265
Ghana	Cedi	[illegible]
Gibraltar	Gibraltar £	1.0
Greece	Drachma	120.444
Greenland	Danish Kroner	14.90
Grenada	E. Caribbean $	4.59
Guadeloupe	Local Franc	11.885
Guam	U.S. $	1.7000
Guatemala	Quetzal	1.7000
Guinea Republic	Syli	[illegible]
Guinea Bissau	Peso	[illegible]
Guyana	Guyanese $	[illegible]
Haiti	Gourde	8.50
Honduras Repub.	Lempira	3.40
Hong Kong	H.K. $	10.4335
Hungary	Forint	[illegible]
Iceland	I. Krona	20.705
India	Ind. Rupee	16.33
Indonesia	Rupiah	1,120.80
Iran	Rial	[illegible]
Iraq	Iraq Dinar	0.504
Irish Republic	Irish £	1.2440
Israel	Shekel	[illegible]
Italy	Lira	2,388.0
Ivory Coast	C.F.A. Franc	594.75
Jamaica	Jamaica Dollar	[illegible]
Japan	Yen	445.3
Jordan	Jordan Dinar	0.594
Kampuchea	Riel	[illegible]
Kenya	Kenya Shilling	[illegible]
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait	Kuwait Dinar	0.4915
Laos	New Kip	[illegible]
Lebanon	Lebanese £	[illegible]
Lesotho	Loti	[illegible]
Liberia	Liberian $	1.7000
Libya	Libyan Dinar	[illegible]
Liechtenstein	Swiss Franc	[illegible]
Luxembourg	Lux Franc	81.70
Macao	Pataca	[illegible]
Madeira	Portug'se Escudo	145.75
Malagasy Republic	MG Franc	[illegible]
Malawi	Kwacha	[illegible]
Malaysia	Ringgit	[illegible]
Maldive Islands	Rufiyaa	[illegible]
Mali Republic	Mali Franc	[illegible]
Malta	Maltese £	[illegible]
Martinique	Local Franc	11.893
Mauritania	Ouguiya	[illegible]
Mauritius	M. Rupee	[illegible]
Mexico	Mexican Peso	[illegible]
Miquelon	French Franc	[illegible]
Monaco	French Franc	11.8925
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	4.59
Morocco	Dirham	10.45
Mozambique	Metical	[illegible]
Nauru	Australian Dollar	1.7295
Nepal	Nepalese Rupee	[illegible]
Netherlands	Guilder	4.715
Netherland Antilles	Antillian Guilder	[illegible]
New Zealand	N.Z. Dollar	2.3290
Nicaragua	Cordoba	[illegible]
Niger Republic	C.F.A. Franc	594.75
Nigeria	Naira	[illegible]
Norway	Norway Krone	11.615
Oman Sul'ate of	Rial Omani	[illegible]
Pakistan	Pakistan Rupee	20.50
Panama	Balboa	1.7000
Papua N. Guinea	Kina	[illegible]
Paraguay	Guarani	[illegible]
Peru	Sol	(exA) 1,224.18
Philippines	Philippine Peso	14.19
Pitcairn Islands	£ Sterling	
	New Zealand $	2.3290
Poland	Zloty	[illegible]
Portugal	Portug'se Escudo	146.75
Puerto Rico	U.S. $	1.7000
Qatar	Qatar Ryal	6.03
Reunion Ile de la	French Franc	11.895
Romania	Leu	[illegible]
Rwanda	Rwanda Franc	162.08
St. Christopher	E. Caribbean $	4.59
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	4.59
St. Pierre	Local Franc	11.895
St. Vincent	E. Caribbean $	4.59
Salvador El	Colon	4.25
Samoa American	U.S. $	1.7000
San Marino	Italian Lira	2,388.0
Sao Tome & Prin	Dobra	[illegible]
Saudi Arabia	Ryal	[illegible]
Senegal	C.F.A. Franc	594.75
Seychelles	S. Rupee	[illegible]
Sierra Leone	Leone	[illegible]
Singapore	Singapore $	[illegible]
Solomon Islands	Solomon Is. $	[illegible]
Somali Republic	Somali Shilling	[illegible]
South Africa	Rand	[illegible]
South West African Territories	S.A. Rand	[illegible]
Spain	Peseta	193.70
Spanish ports in North Africa	Peseta	[illegible]
Sri Lanka	S.L. Rupee	[illegible]
Sudan Republic	Sudan £	[illegible]
Surinam	S. Guilder	[illegible]
Swaziland	Lilangeni	[illegible]
Sweden	S. Krona	10.556
Switzerland	Swiss Franc	[illegible]
Syria	Syria £	[illegible]
Taiwan	New Taiwan $	[illegible]
Tanzania	Tan. Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Republic	C.F.A. Franc	594.75
Tonga Islands	Pa'anga	[illegible]
Trinidad	Trinidad & Tob. $	[illegible]
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & Caicos	U.S. $	1.7000
Tuvalu	Australian $	[illegible]
Uganda	Uganda Shilling	[illegible]
United States	U.S. Dollar	1.7000
Uruguay	Uruguay Peso	[illegible]
Utd. Arab Emirates	U.A.E. Dirham	6.22375
U.S.S.R.	Rouble	1.2765
Upper Volta	C.F.A. Franc	594.75
Vanuatu	Vatu	[illegible]
	Aust. Dollar	[illegible]
Vatican	Italian Lira	2,388.0
Venezuela	Bolivar	7.27
Vietnam	Dong	[illegible]
Virgin Islands U.S.	U.S. Dollar	1.7000
Western Samoa	Samoan Tala	2.06
Yemen (Nth)	Ryal	[illegible]
Yemen (Sth)	S. Yemen Dinar	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Republic	Zaire	[illegible]
Zambia	Kwacha	1.6200
Zimbabwe	R. Dollar	[illegible]

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 71.40. ** Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (1) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfer. (3) Essential goods. (4) Floating rate. (5) Preferential rate for priority imports such as foodstuffs.

CURRENCIES and MONEY

Dollar at new peaks

The dollar touched record levels in currency markets yesterday as Euro-dollar rates *rose sharply. This followed* an unexpected rise in U.S. money supply and fears that U.S. Budget deficit funding requirements could lead to higher interest rates. The dollar rose to an all-time high against several currencies including the French franc and Italian lira and a one-year peak against the D-mark. The Swiss franc was at its lowest level since September 1981 and the Japanese yen September 1977.

Sterling fell to its worst level against the dollar since December 1976 but showed small gains against European currencies.

DOLLAR — Trade weighted index (Bank of England) 122.7 against 121.8 on Friday and 112.4 six months ago. Three-month Treasury bills 10.18 per cent (14.16 per cent six months ago). Annual inflation rate 7.1 per cent (6.7 per cent previous month)—The dollar finished below its best levels following moves by the U.S. Federal Reserve to increase liquidity in the U.S. domestic money market. It closed at DM 2.5180 against the D-mark, up from Friday's figure of DM 2.50 but down from a high of DM 2.5350. Similarly against the Swiss franc it touched a best level of SwFr 2.1650 but finished at SwFr 2.1475 compared with SwFr 2.13. Against the Japanese yen it closed at Y262.1 from Y260.4 and FFr 6.9975 from FFr 6.95 against the French franc.

STERLING — Trade weighted index 90.7 against 90.9 at noon, 90.8 at the opening and 91.1 on Friday afternoon (91.5 six months ago). Three-month interbank 11⅞ per cent (14⅞ per cent six months ago). Annual inflation 9.2 per cent (9.5 per cent previous month) — Sterling touched a low of $1.6850 very briefly during the morning but came back to over $1.7000 during the afternoon as the dollar weakened. It finished at $1.6995-1.7005, *a fall of 1.25c.* Against the D-mark, however, it rose to DM 4.2850 from DM 4.28 and SwFr 3.6550 from SwFr 3.65. It was unchanged against the French franc at FFr 11.8950.

D-MARK — EMS member (weakest). Trade weighted index 124.3 against 124.6 on Friday and 121.2 six months ago. Three-month interbank 9.35 per cent (10.225 per cent six months ago). Annual inflation 5.7 per cent (5.8 per cent previous month)—The D-mark was mostly weaker at yesterday's fixing in Frankfurt. The dollar rose to DM 2.5258 from DM 2.5043 with the Bundesbank selling a nominal $5.55m while sterling was fixed higher at DM 4.2860 from DM 4.2800. The Swiss franc rose to DM 1.1746 from DM 1.1727 and within the EMS the French franc was higher at DM 35.96 per FFr 100 from DM 35.93. Trading was fairly thin but very nervous. The dollar was underpinned by high interest rates, helping to push the D-mark weaker while recent troubles at AEG-Telefunken depressed the D-mark further.

JAPANESE YEN — Trade weighted index 130.2 against 130.7 on Friday and 137.8 six months ago. Three-month bills 7.28125 per cent (6.59375 per cent six months ago). Annual inflation 2.2 per cent (2.3 per cent previous month)—The yen showed a sharp fall against the dollar yesterday falling to its lowest level in Tokyo since April 1980. The dollar closed at Y262.90 up from an opening level of Y261.0 and Friday's close of Y259.52½. Intervention by the Bank of Japan was estimated as being up to $400m although this amount tended to disappoint the market a little as did the authorities allowing the dollar to break through the Y260 level. The dollar's best level was Y263.0.

THE POUND SPOT AND FORWARD

Aug 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.6850-1.7010	1.6995-1.7005	0.05-0.15c dis	−0.70	0.70-0.80dis	−1.76
Canada	2.1160-2.1340	2.1325-2.1335	0.75-0.85c dis	−4.50	2.50-2.60dis	−4.78
Nethlnd.	4.69-4.73	4.71-4.72	1¼-¾c pm	2.55	2⅞-2⅜ pm	2.23
Belgium	81.40-82.00	81.65-81.75	15-25c dis	−2.94	55-65 dis	−2.94
Denmark	14.86-14.91	14.89½-14.90½	½-1½ore dis	−0.81	8-9½ dis	−2.35
Ireland	1.2400-1.2480	1.2435-1.2445	0.01-0.76p dis	−5.56	1.73-1.96dis	−5.93
W. Ger.	4.26-4.30	4.28-4.29	1⅛-⅝pf pm	2.45	2¾-2¼ pm	2.33
Portugal	145.25-147.00	146.50-147.00	105-285c dis	−15.95	250-755dis	−13.70
Spain	193.40-194.20	193.50-193.80	90-120c dis	−6.50	345-385 dis	−7.54
Italy	2,383-2,398	2,388-2,390	19-21lire dis	−10.05	56½-59½dis	−6.71
Norway	11.46-11.53	11.51-11.52	3⅛-4⅜ore dis	−3.91	11⅛-12⅞dis	−4.26
France	11.87-11.93	11.89-11.90	3¾-4¼c dis	−3.78	14½-15½dis	−5.04
Sweden	10.52-10.57	10.55-10.56	2¾-3½ore dis	−5.55	9¼-9 dis	−3.27
Japan	443-449	445-446	1.80-1.60y pm	4.58	4.65-4.45 pm	4.09
Austria	30.00-30.15	30.03-30.08	10½-7½gro pm	3.59	23½-17 pm	2.70
Switz.	3.6350-3.6650	3.65-3.66	2⅜-2⅛c pm	7.80	6¼-5⅜ pm	6.43

Belgian rate is for convertible francs. Financial franc 86.25-86.35. Six-month forward dollar 2.13-2.23c dis, 12-month 4.15-4.30c dis.

THE DOLLAR SPOT AND FORWARD

Aug 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6850-1.7010	1.6995-1.7005	0.05-0.15c dis	−0.70	0.70-0.80dis	−1.76
Ireland†	1.3565-1.3665	1.3650-1.3665	0.70-0.60c pm	5.73	1.50-1.30 pm	4.11
Canada	1.2480-1.2555	1.2545-1.2555	0.44-0.47c dis	−4.35	0.93-0.98dis	−3.04
Nethlnd.	2.7720-2.7900	2.7720-2.7730	0.80-0.70c pm	3.24	2.75-2.65 pm	3.65
Belgium	48.12-48.40	48.16-48.18	8-10c dis	−2.24	13-18 dis	−1.20
Denmark	8.7760-8.8120	8.7760-8.7800	0.20-0.45ore dis	−0.44	0.80-1.30dis	−0.48
W. Ger.	2.5170-2.5350	2.5175-2.5185	0.74-0.69pf pm	3.41	2.60-2.55 pm	4.09
Portugal	86.00-86.95	86.50-86.80	60-160c dis	−15.23	120-410dis	−12.23
Spain	114.10-114.70	114.10-114.20	45-55c dis	−6.25	80-100 dis	−3.15
Italy	1,407-1,414	1,407-1,408	10-11 lire dis	−8.94	28-30 dis	−8.23
Norway	6.7840-6.7945	6.7880-6.7900	1.60-2.00ore dis	−3.19	4.00-4.40dis	−2.47
France	6.9950-7.0475	6.9950-7.0000	1.65-1.90c dis	−3.03	5.80-6.10dis	−3.33
Sweden	6.2150-6.2345	6.2170-6.2200	1.20-1.40ore dis	−2.51	1.60-1.80dis	−1.09
Japan	262.00-263.50	262.05-262.15	1.20-1.13y pm	5.33	3.80-3.70 pm	5.72
Austria	17.69-17.80	17.69½-17.70½	7-5¾gro pm	4.32	21½-16½ pm	4.52
Switz.	2.1460-2.1650	2.1470-2.1480	1.58-1.50c pm	8.60	4.48-4.40 pm	8.27

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 9	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.7	−32.5
U.S. dollar	199.7	+13.4
Canadian dollar	88.6	−10.1
Austrian schilling	116.9	+96.0
Belgian franc	94.7	−1.9
Danish kroner	81.4	−14.8
Deutsche mark	124.3	+49.2
Swiss franc	144.2	+94.5
Guilder	113.8	+93.5
French franc	75.5	−20.4
Lira	53.6	−58.3
Yen	130.2	+24.0

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average)

CURRENCY RATES

August 9	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.634693	0.551856
U.S. $	11	1.07735	0.938954
Canadian $	16.20	*	1.17011
Austria Sch.	6¾	19.1973	16.6197
Belgian F	15⅛	52.0468	45.1187
Danish Kr.	11	9.48607	8.21880
D mark	7½	2.79117	2.35384
Guilder	8	2.99880	2.60340
French F.	9⅛	7.67646	6.56803
Lira	19	1520.41	1318.04
Yen	5½	283.935	245.494
Norwgn. Kr.	9	7.31780	6.34295
Spanish Pts.	8	195.959	106.058
Swedish Kr.	10	6.71180	5.81667
Swiss Fr.	5½	2.31650	2.01594
Greek Dr'ch	20½	76.8550	66.7497

* C$/SDR rate for August 9: 1.34991.

OTHER CURRANCIES

Aug 9	£	$		£ Note Rates
Argentine Peso	58,007†	39,450†	Austria	29.05-30.20
Australia Dollar	1.7976-1.7005	1.0200-1.0206	Belgium	86¼-87¼
Brazil Cruzeiro	314.05-316.06	185.53-186.96	Denmark	14.84-14.98
Finland Markka	8.1580-8.1660	4.8050-4.8070	France	11.86-11.96
Greek Drachma	118.959-122.282	71.15-71.55	Germany	4.28½-4.30½
Hong Kong Dollar	10.41½-10.43	6.1540-6.1990	Italy	2365-2396
Iran Rial	145.95*	*84.95	Japan	445-460
Kuwait Dinar (KD)	0.491-0.498	0.2901-0.2903	Netherlands	4.69¾-4.75¾
Luxembourg Fr.	81.65-81.75	48.16-48.18	Norway	11.46-11.56
Malaysia Dollar	4.01-4.02	2.3660-2.3700	Portugal	149-167
New Zealand Dlr.	2.3285-2.3315	1.3755-1.3765	Spain	187½-197
Saudi Arab. Riyal	5.8255-5.8320	3.4390-3.4406	Sweden	10.60-10.60
Singapore Dollar	3.67-3.98	2.1650-2.1700	Switzerland	3.63½-3.67½
Sth. African Rand	1.9790-1.9800	1.1640-1.1650	United States	1.68½-1.70½
U.A.E. Dirham	6.2200-6.2276	3.6790-3.6740	Yugoslavia	90-101

† Rate shown for Argentine is commercial. Financial rate 65,964-66,004 against sterling 38,950-39,000 against dollar. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.1287	+0.36	+0.13	±1.5501
Danish Krone	8.23400	8.21880	−0.19	−0.40	±1.6430
German D-Mark	2.33379	2.36384	+1.29	+1.07	±1.0888
French Franc	6.61387	6.56803	−0.69	−0.91	±1.3940
Dutch Guilder	2.57971	2.60340	+0.92	+0.70	±1.5004
Irish Punt	0.691011	0.687236	−0.55	−0.77	±1.6891
Italian Lira	1350.27	1319.04	−2.39	−2.39	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 9	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.700	4.286	445.5	11.895	3.666	4.715	2389.	2.135	81.70
U.S. Dollar	0.588	1.	2.621	262.1	6.997	2.150	2.774	1406.	1.256	48.06
Deutschemark	0.233	0.397	1.	104.0	2.776	0.855	1.100	557.6	0.498	19.07
Japanese Yen 1,000	2.245	3.818	9.618	1000.	26.70	8.204	10.58	5363.	4.788	183.4
French Franc 10	0.841	1.429	3.603	374.6	10.	3.075	3.964	2008.	1.793	68.68
Swiss Franc	0.274	0.465	1.172	121.9	3.254	1.	1.290	653.6	0.584	22.35
Dutch Guilder	0.212	0.361	0.909	94.40	2.525	0.775	1.	506.7	0.452	17.33
Italian Lira 1,000	0.419	0.712	1.794	186.5	4.970	1.530	1.974	1000.	0.893	34.20
Canadian Dollar	0.469	0.797	2.009	208.9	5.577	1.714	2.211	1120.	1.	38.30
Belgian Franc 100	1.224	2.081	5.245	545.3	14.56	4.474	5.771	2924.	2.611	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 9)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 1/8	offer 13 1/4	bid 14 1/16	offer 14 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	11⅛-11¾	10¾-11	16-10	9⅛-9¼	3½-4	8⅞-9	14⅛-14⅛	17½-19	12⅛-15⅛	19½-13⅛	6⅜-6⅞	7⅝-9⅛
7 day's notice	11⅜-11⅝	11⅛-11⅜	17-18	9⅛-9¼	2⅞-3	8⅞-9	14⅛-14½	18¾-20¾	13-14¾	14-14¼	6⅞-7	11¾-15¼
Month	11⅜-11½	11¾-12	15⅞-16⅛	9⅛-9¼	3¾-3⅞	8⅞-9⅛	14⅜-14¾	19½-20½	13½-14⅛	14⅛-14⅝	6⅞-7	15⅜-13⅞
Three months	11⅜-11½	12⅞-13⅛	16⅛-16⅜	9⅜-9¼	4⅛-4¼	8⅞-9⅛	16⅛-16⅛	20¾-21⅜	15¾-14¾	14⅛-14⅜	7⅛-7⅛	14⅛-15⅜
Six months	11⅜-11½	13⅛-14⅛	16⅛-16⅛	9⅜-9½	5⅛-5⅜	8⅞-9⅛	17⅜-17¾	21⅝-22⅛	14⅛-16⅛	14⅛-14⅜	7⅜-7⅛	15⅞-17¼
One Year	11⅜-11½	13⅞-14⅛	16⅜-16⅜	9⅜-9½	5⅛-5⅜	8⅞-9⅛	18⅛-18⅛	21¼-21⅞	14⅛-15⅛	14⅛-14⅜	7⅛-7⅛	16⅛-18

SDR linked deposits: one month 10$\frac{25}{32}$-11$\frac{1}{32}$ per cent; three months 11$\frac{7}{16}$-11$\frac{13}{16}$ per cent; six months 11¾-12⅛ per cent; one year 12$\frac{5}{16}$-12$\frac{11}{16}$ per cent.

ECU linked deposits: one month 11$\frac{9}{16}$-11$\frac{13}{16}$ per cent; three months 11$\frac{15}{16}$-12$\frac{3}{16}$ per cent; six months 12½-12⅞ per cent; one year 12$\frac{9}{16}$-12$\frac{15}{16}$ per cent.

Asian $ (closing rates in Singapore): one month — per cent; three months — per cent; six months — per cent; one year — per cent. Long-term Eurodollar: two years 14¾-14⅞ per cent; three years 14⅞-15⅛ per cent; four years 15-15¼ per cent; five years 15-15¼ per cent; nominal closing rates. Short-term rates are call for U.S. dollars. Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 11.75-11.85 per cent; three months 12.40-12.50 per cent; six months 13.15-13.25 per cent; one year 13.40-13.50.

MONEY MARKETS

London rates firmer

UK clearing bank base lending rate 11½ per cent (since July 30 or August 2 and 3)

UK interest rates were a little firmer yesterday, reacting cautiously to sterling's fall against the dollar and a rise in U.S. interest rates. Three-month interbank rose to 11⅞ per cent from 11$\frac{9}{16}$ per cent while six-month sterling CDs were higher at 11$\frac{13}{16}$-11$\frac{11}{16}$ per cent compared with 11⅛-11 per cent. Overnight interbank money traded at 11½ per cent during the morning, touched 12 per cent and then fell to 10½ per cent before finishing at 15 per cent.

The Bank of England forecast a shortage of around £50m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£280m and the unwinding of previous sale and repurchase agreements −£95m. On the other hand there was a fall in the note circulation of £190m and Exchequer transactions added £60m to the system. The forecast was revised to a shortage of £100m and the Bank gave assistance in the morning of £37m, comprising purchases of eligible bank bills, £23m in band 2 (15-33 days) at 11½ per cent, £11m in band 3 (34-63 days) at 11½ per cent and £3m in band 4 (64-84 days) at 11 per cent.

The forecast was revised again to a shortage of £160m before taking into account the morning's help. The Bank gave further assistance in the afternoon of *£144m, making a grand total* of £181m. The afternoon help comprised purchases of £1m of Treasury bills in band 2 at 11½ per cent and £23m of eligible bank bills at 11½ per cent. In band 3 it bought £112m of eligible bank bills at 11½ per cent and in band 4 £8m at 11 per cent.

In Frankfurt call money remained at 9 per cent although longer term rates started to rise as Euro-mark rates rose in line with Euro-dollar rates. On yesterday's performance by the dollar, a cut on Thursday in the Lombard rate looks increasingly less likely according to market sources.

In Paris the Bank of France announced a further reduction in call money to 14¼ per cent from 14½ per cent on Friday. This was seen as another move by the authorities to reduce the cost of borrowing, following a policy adopted after the franc's devaluation within the European Monetary System earlier this year. The cut in rates came despite further rises in U.S. rates and record levels for the dollar against the franc. The latter was quite steady against its EMS partners however.

In Amsterdam money market rates were marked higher in reaction to sharp rises in Euro-dollar rates. Period rates up to a year were up to ¼ of a point firmer while call money eased slightly as short-term funds remained adequate.

EUROCURRENCIES

$ rates firm

The recent decline in interest rates throughout Europe came to an abrupt halt yesterday as the market reacted to last week's U.S. money supply figures. A reported rise of $900m in M-1 came as a surprise since a modest fall had been projected by some. Consequently Euro-dollar rates started to rise as the prospect of an early return to the downward shift in U.S. interest rates diminished. Rates finished a little below their highest levels however with the market still extremely nervous about future trends.

Euro-sterling rates were marked higher and domestic rates were generally firmer, casting doubt on market hopes of a further small downward adjustment in clearing banks' base rates. The dollar's discount against sterling widened, reflecting the increased interest rate differential. Both the D-mark and Swiss franc also showed higher premiums against the dollar even though Euro-marks and Euro-Swiss francs were generally firmer.

MONEY RATES

NEW YORK

Prime rate	15
Fed funds (lunch-time)	11⅛-11¼
Treasury bills (13-week)	10.18
Treasury bills (26-week)	11.12

GERMANY

Lombard	9.00
Overnight rate	9.00
One month	9.30
Three months	9.35
Six months	9.35

FRANCE

Intervention rate	14.5
Overnight rate	14.50
One month	14.3125
Three months	14.3125
Six months	14.3125

JAPAN

Discount rate	5.5
Call (unconditional)	7.34375
Bill discount (three-month)	7.28125

LONDON MONEY RATES

Aug. 9 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10½-15	11⅜-11⅝	—	—	11⅝-11⅞	10-11½	—	—	—
2 days notice	—	—	11⅜-11½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅛-12⅞	11⅝	—	—	11¾-12	11½	—	—	—
One month	11⅛-11$\frac{7}{16}$	11⅜-11$\frac{7}{16}$	11⅝	12-11⅝	11$\frac{7}{16}$	11¾	11	11¼	11¼	11⅞
Two months	11⅝-11¼	11$\frac{7}{16}$-11$\frac{9}{16}$	—	11⅞-11½	11⅝	11$\frac{9}{16}$-11¾	10¾	11	11-11$\frac{1}{16}$	11⅝
Three months	11⅝-11$\frac{11}{16}$	11$\frac{13}{16}$-11$\frac{15}{16}$	11¼	11⅝-11¼	11$\frac{7}{16}$	11$\frac{9}{16}$-11¾	10½-10⅝	10½	10⅞-10$\frac{15}{16}$	11½
Six months	11$\frac{13}{16}$-11$\frac{15}{16}$	11$\frac{13}{16}$-11$\frac{15}{16}$	11¼	10⅝-10¼	11½	—	—	—	10$\frac{13}{16}$-10⅝	11$\frac{1}{16}$
Nine months	11$\frac{11}{16}$-11⅛	11⅜-11½	—	11⅛-11⅞	11½	—	—	—	—	—
One year	11$\frac{11}{16}$-11⅛	11⅜-11½	11⅜	11⅜-11	11½	—	—	—	—	—
Two years	—	—	11⅝	—	—	—	—	—	—	—

ECGD Fixed Rate Sterling Export Finance. Scheme IV. Averaged Reference Rate for interest period 19 July to 3 August 1982 (inclusive): 12.143 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 11¾ per cent; four years 12⅛ per cent; five years 12½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 10$\frac{13}{16}$-10⅞ per cent; four months trade bills 11$\frac{7}{16}$ per cent.

Approximate selling rate for one month Treasury bills 11⅛ per cent; two months 10⅞ per cent and three months 10¼-10$\frac{13}{16}$ per cent. Approximate selling rate for one month bank bills 11⅛-11$\frac{5}{32}$ per cent; two months 10$\frac{15}{16}$ per cent and three months 10$\frac{13}{16}$-10$\frac{27}{32}$ per cent; one month trade bills 11⅝ per cent; two months 11⅜ per cent; three months 11¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from August 1, 1982. London and Scottish Clearing Bank Base Rates for lending 11½ per cent. London Clearing Bank Deposit Rates for sums at seven days notice 8½ per cent. Treasury Bills: Average tender rates of discount 10.7246 per cent. Certificates of Tax Deposit (Series 5) 11½ per cent from August 5 (plus an internal rate supplement of ¼ per cent for the first month). Deposits withdrawn for cash 9½ per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

OFFSHORE AND OVERSEAS

Providence Capital International Ltd.
PO Box 121, St Peter Port, Guernsey 0481 26726/9

UK Stockmarket	£0.957	1.029	.....	—
Intl. Stockmarket	$0.842	0.905	.....	—
World Technology	$0.897	0.915	.....	—
N. Am. Stockmarket	$0.865	0.920	.....	—
Far East	$0.820	0.882	.....	—
UK Fixed Interest	£1.001	1.076	.....	—
Intl. Fixed Int.	$0.939	1.004	.....	—
Intl. Currencies	$0.927	0.998	.....	—
Intl. Money Market	[illegible]	1.034	.....	—
U.K. Money Market	£0.949	1.019	.....	—
Stlg. Managd. Fd	£0.945	1.016	.....	—
Dollar Mangd. Fd.	$0.869	0.934	.....	—

Savings Target Rate $12.0/£11.
Prices on Aug 4. Next dealing Aug 11.

Financial Futures Fd.	108.4	113.0	.....	—
Wren Intl. Fnd.*	$0.876	0.912	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99 11/16	95 5/8	Exch. 9¼pc 1982	99 11/16	+1/16	9.28	11.35
99 3/8	94 5/8	Exch. 8¼pc 1983	99 3/8	.....	8.81	10.33
96 1/4	91	Exch. 3pc 1983	96 1/4xd	−1/4	3.11	9.88
100 5/8	95 1/4	Treasury 12pc 1983‡‡	100 5/8	.....	11.93	10.80
98 5/8	92 3/4	Treasury 9½pc '83	98 3/8	−1/4	9.40	11.08
102 1/2	96 7/8	Exch. 13½pc '83	102 3/8	.....	13.19	11.34
99 3/8	91 7/8	Exch. 10pc 1983	98 3/4	−1/4	10.13	10.97
96 3/4	87 3/8	Funding 5½pc '82-84‡‡	96 1/2	−1/4	5.70	8.11
100 7/8	91 7/8	Exch. 11¼pc 1984	100 3/8xd	−1/4	11.21	10.96
104	96 1/4	Exchequer 14pc 1984	103 3/4	−1/4	13.49	11.55
92	81 1/8	Exch. 3pc 1984	91 1/2	−1/4	3.28	6.01
101 3/8	91 1/2	Treasury 12pc 1984	100 7/8	−1/4	11.90	11.46
107 3/8	96 1/4	Treasury 15pc 1985	106 3/4xd	−1/4	14.05	11.83
101 3/8	89 1/2	Exch. 12pc Cnv. '85	100 3/4	−1/4	11.91	11.63
87 1/4	73 1/2	Treasury 3pc 1985	86 1/2	−1/2	3.47	6.55
99 7/8	87 1/2	Treasury 11½pc 1985	99 1/8	−1/4	11.59	11.79
101 3/8	88 5/8	Exch. 12¼pc 1985	100 3/4	−1/4	12.16	11.91
100 1/4	86 1/8	Exch. 11¾pc '86	99 3/4xd	−1/2	11.78	11.83
84 1/2	69	Treasury 3pc 1986	84 1/4	−1/4	3.56	7.90
100 1/4	86 3/4	Treasury 12pc '86	99 7/8	−1/2	12.02	12.01
94 1/4	80 3/4	Treasury 8½pc '84-86‡‡	94 3/8	−1/4	9.01	10.26
101 5/8	96 1/4	Treas. 12¼pc '86 Cnv.	100 7/8	−1/4	12.14	11.96
106 1/4	91 7/8	Exch. 14pc 1986	106	−1/4	13.23	12.11
104 5/8	90	Exch. 13¼pc 1987	103 7/8	−1/4	12.76	12.07
88 1/2	73 3/4	Funding 6½pc '85-87‡‡	88 1/4	−1/4	7.37	9.64
81	64 1/2	Treasury 3pc 1987	81	.....	3.74	7.85

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكينامن الكمل

INDUSTRIALS—Continued

1982 High	1982 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
195	145	Jacksons Bourne	160xd	–2	5.0	ϕ	4.2	ϕ
32	21	James (M.) Ind. 10p	30	......	ϕ1.25	1.6	6.0	12.6
180	119	Jardine M. $HK6	150	–12	†092c	2.4	5.9	7.4
*48	23	Jenks & Cattell	23	–1	g1.0	—	6.2	—
291½	187	Johnson Clnrs.	264	–4	ϕ7.7	2.5	4.2	14.7
295	227	Johnson Mthy. £1	230	–3	10.0	2.5	6.2	(8.5)
162	98	Johnston Grp. 10p	144	–2	4.0	4.7	4.0	5.8
80	64	Jourdan (T.) 10p	70xd	......	5.25	0.4	10.7	(31.5)
48	40	Kalamazoo 10p	40	–3	2.5	0.6	8.9	18.5
170	135	Kelsey Inds.	138	–2	8.0	2.1	8.3	7.9
175	138	Kennedy Sm. 10p	175	+12	ϕ†4.38	4.1	3.6	9.3
310	170	Kershaw (A.) 5p	170	–5	21.75	0.5	18.9	(26.9)
51	41	Kleen-E-Ze Hldgs.	50	......	3.0	ϕ	8.8	ϕ
68	47	L.C.P. Hlds	47	–1	3.6	0.5	10.9	(43.1)
66	39½	L.R.C. Int. 10p	63	–2½	2.73	ϕ	6.4	ϕ
46	34	Lawtex	34	......	†1.5	—	‡	—
188	147	Lead Inds. 50p	147	–1	9.66	1.8	9.4	(8.0)
420	277	Lep Group 10p	415	–5	17.5	ϕ	6.2	ϕ
37	28	Lilleshall 10p	30	......	2.5	—	11.9	—
60	39	Lon. & Liv. 10p	49	–1	2.45	2.4	7.4	6.9
102	78	London & Midl'd	94	–1	7.75	0.9	12.4	(13.1)
51	36	Lon. & Nthn. Grp.	49	–1	5.75	2.1	10.9	5.2
55	23	‡Lon. Priv. Health	34	–1	—	—	—	ϕ
10	3½	Long Hmbly. 10p	9½	......	8—	—	—	—
48	36	Longton Inds.	39	–2	1.0	—	3.8	—
72	33	Lonsdale Univrsl.	65	......	ϕ1.0	0.9	2.2	(79.7)
195	68	Low & Bonar 50p	68	–2	7.0	1.6	14.7	(5.2)
27½	17	M.Y. Dart. 10p	17	–½	h1.21	—	10.2	—
188	105	M'c'rthy Ph. 20p	188	......	7.0	ϕ	5.5	ϕ
110	70	Macfarlane Gp.	107	......	4.0	2.2	5.3	11.0
37	28	Maclellan 20p	35½	......	1.45	1.4	5.8	(15.4)
86	55	Macpherson (D.)	58	–1	4.2	1.5	10.3	8.5
62	53	Magnolia Group	62	......	2.3	3.9	5.4	6.1
108	57	Man. Ship Can. £1	72	+10	8—	—	—	—
49	38	Marley	38	–1	2.25	1.5	8.7	(9.8)
40½	29	Marling Ind. 10p	36½	......	1.08	ϕ	4.2	ϕ
49	33½	Marshall L'xy. 'A'	35	......	2.8	3.4	11.4	3.1
88	72	Marshall's Univ	76	–4	0.1	—	0.2	—
37	26	Martin-Black	26	–1	—	—	—	—

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES—Continued

Central African

1982 High	1982 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	100	......	Q25c	10.3	12.4
35	19	Wankie Col. Z$1	21	......	Q3c	1.2	7.7
21	12	Zam.Cpr.SBD0.24	13	[illegible]	—	—	—

Australian

Tins

Miscellaneous

1982 High	1982 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	30	......	—	—	—
16½	12	Burma Mines 10p	12	......	0.55	1.0	6.5
130	27	Colby Res. Corp.	45	......	—	—	—
292	170	Cons. Murch. 10c	230	......	‡Q60c	1.9	‡
8	2½	‡‡Explaura Gold	2½	–½	—	—	—
105	55	Highwood Res.	70	–5	—	—	—
255	160	Northgate C$1	180	......	—	—	—
468	344	R.T.Z.	397	–1	16.0	2.1	5.8
£108½	£84	Do.5½%Cu.ln.'95-2000	£95	–1½	Q9½%	30.0	10.1
20	11	Sabina Inds. C$1	12	......	—	—	—
44	27	‡Southwest C. 10p	33	–1	—	—	—
500	270	Tara Expln. $1	285	–10	—	—	—

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- 0 No par value.
- ♥ Rate applicable to non-Zimbabwean residents.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv. 20p	39	–1
Bertrams	17#	......
Bdg'wtr. Est. 50p	440	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	30	......
Graig Ship. £1	£21	......
Higsons Brew	90	......
Holt (Jos) 25p	790	......
I.O.M. Stm. £1	90	......
Pearce (C. H.)	£10½	......
Peel Hldgs.	151	......
Sheff. Refrshmt	80xd	......
Sindall (Wm.)	235	......

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£99	......
Nat. 9¾% 84/89	£78¾	–⅛
Fin. 13% 97/02	£79½	–¼
Alliance Gas	85	–1
Arnott	218	–2
Carroll (P.J.)	74	......
Concrete Prods.	50	......
Heiton (Hldgs.)	75xd	......
Irish Ropes	34	......
Jacob	72	+2
T.M.G.	4½	–½
Unidare	50xd	–2

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	0	House of Fraser	13	Utd. Drapery	7
BOC Intl.	13	I.C.I.	24	Vickers	16
B.S.R.	8½	"Imps"	8	Woolworths	5
Babcock	10	I.C.L.	5½	**Property**	
Barclays Bank	42	Ladbroke	15	Brit. Land	7½
Beecham	21	Legal & Gen.	19	Cap. Counties	10
Blue Circle	48	Lex Service	10	Land Secs.	28
Boots	19	Lloyds Bank	42	MEPC	20
Bowaters	24	"Lots"	6½	Peachey	14
Brit. Aerospace	17	London Brick	7	Samuel Props.	11
B.A.T.	38	Lucas Inds.	28	Town & City	3½
Brown (J.)	7	"Mams"	12		
Burton Ord.	15	Mrks. & Spncr	12	**Oils**	
Cadbury's	9	Midland Bank	30	Brit. Petroleum	26
Courtaulds	8	N.E.I.	9	Burmah Oil	19
Debenhams	7	Nat. West. Bank	38	Charterhall	5
Distillers	15	P & O Gld.	14	KCA	14
Dunlop	6½	Plessey	32	Premier	6
Eagle Star	31	Racal Elect.	35	Shell	50
F.N.F.C.	4	R.H.M.	6½	Tricentrol	22
Gen. Accident	28	Rank Org. Ord.	20	Ultramar	38
Gen. Electric	65	Reed Intnl.	26		
Glaxo	42	Sears	6	**Mines**	
Grand Met.	17	T.I.	13	Charter Cons.	25
G.U.S. 'A'	45	Tesco	5½	Cons. Gold	45
Guardian	25	Thorn EMI	42	Lonrho	7
G.K.N.	13	Trust Houses	11	Rio T. Zinc	42
Hawker Sidd	30	Turner & Newall	11		
		Unilever	58		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 23

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday August 10 1982

Israeli air attacks step up the pressure

BY DAVID LENNON IN TEL AVIV AND OUR FOREIGN STAFF IN LONDON

ISRAEL LAUNCHED further fierce air and artillery strikes against Palestinian positions in West Beirut and central Lebanon yesterday.

Meanwhile, diplomatic efforts continued to be hampered by the problem of where the Palestinian fighters would go if they were to leave the Lebanese capital.

Israel intensified pressure on the Palestinians while Jerusalem awaited refinements to the plan for the withdrawal of about 6,000 Palestine Liberation Organisation fighters still in the West Beirut enclave.

Mr Shafig al-Wazzan, the Lebanese Prime Minister, was quoted as saying the talks on the plan had been completed and that Mr Philip Habib, the U.S. special-envoy, was preparing a final draft in Beirut for the approval of all parties.

Lebanese, French and U.S. military experts have begun meetings to work out the details of the expected deployment of a multinational peacekeeping force, led by the French.

Israeli aircraft struck Palestinian positions at Tarchiche, 16 miles east of Beirut. It was the first air raid in three weeks against PLO positions behind the Syrian front lines in Lebanon. Further clashes are now feared imminent between Israeli and Syrian forces in Lebanon.

In Beirut, the Palestinian news agency Wafa said waves of aircraft bombed areas from the coast to the western side of the "green line," which divides the city, and including Shatila, where a Palestinian refugee camp is located. The PLO has long had its main bases in the southern suburbs of Beirut.

Some reports from Beirut said the Israelis were moving from southern Beirut with infantry and armour towards the west Beirut enclave, although there was no independent corroboration of this.

Officials in Jerusalem said Israel had not yet received detailed proposals for the PLO evacuation, which is being worked out with intermediaries co-ordinating with the PLO.

The major sticking point still appears to be whether the Israelis will accept that some PLO fighters can remain in West Beirut after the arrival of the peacekeeping force

Mr Menahem Begin, the Israeli Prime Minister, appeared to indicate that some 2,500 Palestinian fighters could remain in the enclave after the arrival of the force. But yesterday, it was unclear in Jerusalem whether Mr Begin was prepared to give a firm commitment to this effect.

General Ariel Sharon, the Israeli Defence Minister, is known to believe the PLO would hide behind a multinational force and should therefore be evacuated before such troops arrived.

Israel is waiting for Mr Habib to say which Arab countries would be willing to give refuge to Palestinian fighters.

Anatole Kaletsky in Washington writes: The U.S. has issued its most optimistic statement to date about the prospects for success of Mr Habib's peace mission. "We believe that if the ceasefire holds, we can have a negotiated solution," Mr Alan Romberg, of the State Department, told the Press

Mr Romberg warned that this made it "especially crucial" that a ceasefire be "scrupulously observed" by all parties. However, U.S. officials said they were now more hopeful than ever that the PLO intended to leave Beirut, that the Israelis would allow them to do so and that Arab states would find refuges for the PLO fighters.

● M Claude Cheysson, the French External Affairs Minister, said yesterday a possible solution to the Beirut conflict was very close.

M Cheysson said he had to keep very quiet over reports that French, U.S. and Italian military officers had arrived in Lebanon to plan a multinational peacekeeping operation.

"We are too close now to a possible solution," he added.

A timetable for the withdrawal of Palestinian guerrillas from West Beirut had been discussed with the Lebanese, the Palestinians, the Israelis and possible members of a peacekeeping force.

Cairo and the PLO, Page 3

AMERICAN INDUSTRY'S REJECTION OF TRADE PACT NOT SEEN AS FATAL

U.S. reassures EEC over steel

BY GILES MERRITT IN BRUSSELS

THE U.S. Government has reassured the EEC's Commission that it does not consider the recent steel pact by the Community and the U.S. to be dead, according to Viscount Etienne Davignon, the EEC Industry Commissioner.

This is in spite of the rejection of the pact by U.S. Steel, the largest American producer, and objections by other big steel-making companies in the U.S.

Viscount Davignon made it plain in Brussels yesterday that EEC and U.S. authorities plan to use their political leverage to ensure that by September 15, their steel producers will have accepted the new arrangement, which would reduce the EEC's exports to the U.S. by about 10 per cent from 1981 levels.

The deadline expresses a provision of the steel pact, which requires acceptance a fortnight before it would take effect on October 1 and limit the EEC's share of the U.S. steel market to 5.754 per cent until the end of 1985. But it is also only the latest in a series of deadlines which has marked the course of the worsening EEC-U.S. steel dispute since early this year.

The main date for the EEC is still August 24, when preliminary countervailing duties of up to 40 per cent — imposed by the U.S. Commerce Department on British, French, Italian and Belgian steelmakers — are to become final.

The EEC's tactic, as outlined by Viscount Davignon and Herr Wilhelm Haferkamp, the EEC External Affairs Commissioner, is to press ahead with pursuit of EEC governments' and steelmakers' acceptance of the export limitation package to govern all 11 principal categories of steel products.

Senior executives of some big EEC steel producers, grouped in the Eurofer club, are to meet in Brussels today to discuss the adjustments of exports needed to share the burden of fulfilling the export-limitation pact.

The basis of the proposed pact is that the EEC's 6.3 per cent share last year of the U.S. steel market should be reduced to 5.754 per cent by the establishment of export ceilings for the various categories, and that they should be governed by special EEC export licences.

The shares agreed for each category are: hot-rolled sheet and strip, 7.45 per cent; cold-rolled sheet, 5.15 per cent; plate, 5.98 per cent; structurals, 10.90 per cent; wire rods, 4.29 per cent; hot-rolled bars, 3.01 per cent; coated sheet, 3.32 per cent; tin plate, 2.2 per cent; rails, 8.9 per cent; stainless steel sheet and strip, and stainless steel plate, 4.08 per cent.

Reginald Dale, U.S. Editor, adds from Washington: The Commerce Department said that it was still in touch with all parties concerned in the steel dispute, including the EEC and the U.S. steel industry, but no more formal negotiations were scheduled.

Officials said that Mr Malcolm Baldridge, the U.S. Commerce Secretary, was always open to new suggestions. The rejection of the deal by U.S. Steel, and other companies and associations at the end of last week, did not necessarily mean the end of the road, they said.

The U.S. Government's view is that a "fair" agreement exists between it and the EEC. It accepts, however, that implementation of the agreement would be impossible if the U.S. steel industry were to continue to reject it, and that the industry is unlikely to change its mind.

Hadson Petroleum issue flops

By Carla Rapoport

A SHARE ISSUE yesterday by Hadson Petroleum International proved one of the biggest flops in recent years, attracting applications for only 3 per cent of the 15m shares put up for sale.

The bulk of the £12m worth of shares in the European subsidiary of Hadson Petroleum, an Oklahoma-based oil and gas company, have been left with the sub-underwriters. The new company, which will be traded on the Unlisted Securities Market, has a 7.5 per cent stake in the promising Humbly Grove field near Basingstoke, Hants.

Lazard Brothers, the merchant bank which advised Hadson, said yesterday that the issue may have flopped because investors were holding out for the Britoil offer for sale expected later this year under the Government's privatisation programme. The relatively low status of the USM could also have put investors off, and the merchant bank added that the offer had been "incredibly difficult to value."

Oil shares in the U.S. and the UK have been trading at steep discounts to their asset value recently. The Hadson offer put a substantial premium on the estimated value of the company's holding in Humbly Grove and backed it up with the prospect of a discovery on its Spanish acreage. So far, work in Spain has yet to provide any oil or gas flow.

At 80p a share, the market capitalisation of the company would have been about £50m at the offered price. Dealings in the shares are to begin next Friday and analysts expect them to drop significantly, perhaps to 45p-50p.

Oil company sues Gulf for $3bn

By Paul Betts in New York

CITIES SERVICE, the U.S. oil company, is suing Gulf Oil for $3bn (£1.8bn) in damages. It accused Gulf, the country's sixth largest oil company, of "intentional and malicious breaches of contract."

The lawsuit, involving one of the largest damages claims on record, followed Gulf's sudden decision last Friday to call off its proposal $5bn acquisition of Cities Service.

Cities Service said it intended to buy back up to 25 per cent of its outstanding shares in the stock market to prevent a run on its stock. It said it was looking for another "appropriate" major merger partner to replace Gulf Oil, adding that should it fail after a short period of time it would liquidate the company in an orderly fashion.

Cities Service yesterday filed its lawsuit in a state court in Tulsa, Oklahoma, where it has its headquarters. The suit alleges misconduct by Gulf in connection with the friendly merger agreement signed by the two companies last June and accuses Gulf of failing to employ its best efforts to consummate the merger as agreed.

Gulf Oil had no initial comment on the Cities Service lawsuit.

Gulf had offered to acquire Cities Service for $63 a share in cash and securities but blamed Federal Trade Commission anti-trust opposition to the deal for its decision to call off the combination which would have created a new U.S. oil giant with annual sales of more than $40bn.

Before Gulf's announcement last Friday, Cities Service stock dropped nearly seven points to close at $37½. Trading in Cities Service stock was halted yesterday morning in New York.

How Gulf Oil shocked Wall Street, Page 17.

Shares fall as China bank buys £96m Hong Kong site

BY ROBERT COTTRELL IN HONG KONG

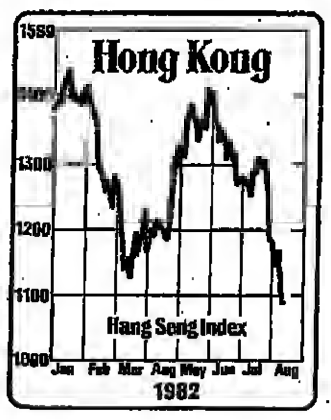
THE Bank of China, China's state-owned international bank, has arranged with the Hong Kong Government to pay HK$1bn (£96.5m) for a local headquarters site in Central district, Hong Kong. The building is expected to cost a further HK$1bn.

The purchase contributed to an 80-point fall on the Hang Seng index.

The Hong Kong Government is offering "soft" finance for the purchase and the bank will pay an initial HK$60m, with the balance to be met over 13 years at an interest rate of 6 per cent.

The HK$1bn price compares with an estimated HK$1.9bn which the site might have fetched on the open market, but it is thought that the bank plans to include a garden in its design, reducing the area of the 6,700 square metre site available for commercial development.

The Hong Kong Government had expected the move to be



welcomed as a vote of confidence in the Territory's future prosperity as the UK's lease on much of the Territory expires in 1997. But local doubts about the deal, coupled with a weaker Hong Kong dollar, contributed to an 80-point fall in the Hang Seng index which took the local stock markets down to a two-year low.

Hong Kong is estimated to yield about one-quarter of the Bank of China's net profits, which rose 53 per cent last year to Renminbi 710.6m (£212m). It is represented in six other overseas cities, and has a large domestic branch base.

The Hong Kong stock markets, already depressed by the weakness of the local dollar and nervousness over the colony's eventual future, found several aspects of the deal worrying. The payment term for the site ends before 1997; a term extending beyond that would have been interpreted more positively.

The sale is also reducing potential Government land-sale income at a time when its revenues are under pressure.

Mr John Bremridge, Hong Kong's Financial Secretary, yesterday discounted as "absolute lunacy" the market's adverse reaction to the deal which, he said, affirmed the mutual interest of Hong Kong and China in Hong Kong's continuing prosperity.

China deal hits shares, Page 19

AEG Continued from Page 1

AEG, but it clearly has a vital interest in securing a successful restructuring through the legal composition proceedings. It has also said it will give speedy and sympathetic hearing to further AEG applications for loan guarantees amounting to more than DM 1bn.

Herr Dürr admitted yesterday that the company had been forced to drop its controversial survival strategy, AEG-83 after talks with potential industrial partners were abandoned.

Both GEC of the UK and United Technologies of the U.S. have withdrawn from negotiations.

AEG management had hoped to push through a far-reaching restructuring programme, which would have split the group into separate companies for capital goods and household appliances with the attraction of a strong outside shareholder for the dominant capital goods operations.

Dr Hans Friderichs, chairman of the AEG supervisory board and chief executive of Dresdner Bank refused to give details of his bank's exposure. Dresdner is the most heavily committed of the German banks to AEG, but Dr Friderichs said yesterday that "the earnings power and inner reserves of the bank will be adequate to cover these write-offs."

The AEG board's decision will affect almost every sector of the West Germany economy.

Continued from Page 1

Dow drops

stock, with a 0.27 fall in the FT Government Securities index which closed at 72.39.

Sterling continued its recent firmness against Continental currencies, closing in London against the D-Mark at DM 4.2850, up 50 points from Friday's close. Its Bank of England trade-weighted index against a basket of currencies closed in London at 90.7, compared with 91.1 at Friday's close.

The dollar's rise was at the expense of all the major currencies. The Italian lira fell to an all-time low at the Milan fixing, L1411.3, although it closed in London somewhat higher at L1407.5 compared with L1396.5 at Friday's close.

Weather

UK TODAY

DRY with sunny periods.

London, S.E., E. England, Midlands
Sunny periods. Max. 22C (72F).

S.W., N.W. England, Wales
Becoming cloudy later. Max. 20C (68F).

N.E. England, S. Scotland
Mostly dry. Max. 19C (66F).

S.W. Scotland, N. Ireland
Scattered showers, dying out. Max. 20C (68F).

Rest of Scotland
Showers, some heavy. Windy. Max. 16C (61F).

Outlook: Becoming cooler.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	26	79	London	S	23	73
Algiers	F	29	84	L.Ang.†	C	19	66
Amsdm.	F	21	70	Luxmbg.	C	18	64
Athens	S	30	86	Luxor	S	40	104
Bahrain		—	—	Madrid	S	28	82
Barclna.	S	26	79	Majorca	S	29	84
Beirut		—	—	Malaga	S	26	79
Belfast	F	15	61	Malta	F	28	82
Belgrd.	S	26	79	M'chstr.	C	18	64
Berlin		23	73	Melbne.	F	19	66
Biarritz	F	22	72	Mx. C.†		—	—
Bmghm.	C	19	66	Miami†	S	28	82
Blackpl.	F	22	72	Milan	S	27	81
Bordx.	F	22	72	Montrl.†	C	21	70
Boulgn.	C	20	68	Moscow	C	22	72
Bristol	F	20	68	Munich	S	21	70
Brussels	R	19	66	Nairobi	F	21	70
Budpst.	S	27	81	Naples	F	30	86
Cair	S	34	93	Nwcstl.	C	16	61
Cardiff	C	20	68	N York†	C	23	73
Cas'b'ca	S	24	75	Nice	S	27	81
Cape T.	F	17	63	Nicosia	S	31	88
Chicg.†	S	16	61	Oporto	S	31	88
Cologne	C	21	70	Oslo	F	24	75
Cnphgn.	C	22	72	Paris	C	19	66
Corfu	F	29	84	Perth	S	15	59
Denver†	C	19	66	Prague	R	20	68
Dublin	R	15	59	Rykjvk.	C	10	50
Dbrvnk.	R	21	70	Rhodes		—	—
Ednbgh.	C	19	66	Rio J'o†		—	—
Faro	S	31	88	Rome	S	28	82
Florence	F	30	86	Salzbrg.	C	19	66
Frankft.	C	23	73	S'ciscot		—	—
Funchal	S	24	75	Singapr.	R	27	81
Geneva	F	24	75	S'tiago†		—	—
Gibrltr.	S	23	73	Stckhm.	C	23	73
Gl'sg'w	F	12	88	Strsbg.	F	25	77
G'rnsey	S	18	64	Sydney	S	20	68
Helsinki	S	23	73	Tangier	S	29	84
H. Kong	F	32	90	Tel Aviv	S	28	82
Innsbrk.	C	20	68	Tenerife	S	28	82
Invrnss.	C	17	63	Tokyo	S	28	82
I.o.Man	C	15	59	T'r'nto†	F	18	64
Istanbul	S	30	86	Tunis	S	26	79
Jersey	S	20	68	Valencia	S	29	84
Jo'burg	S	17	63	Venice	S	28	82
L. Pims.	S	26	79	Vienna	F	25	77
Lisbon	S	32	90	Warsaw	F	31	88
Locarno	F	25	77	Zurich	F	21	70

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

Japanese trade surplus forecast to rise

BY DAVID WHITE IN PARIS

JAPAN'S SURPLUS on the current account of its balance of payments could rise from an annual rate of $3.5bn (£2bn) in the first half of this year to an annual rate of $25.5bn (£15bn) in the second half of 1983. This would exacerbate trade friction with other industrialised countries, the Organisation for Economic Co-operation and Development warns today.

In its annual report on the Japanese economy, published in Paris, the OECD reckons that on present trends the surplus could rise faster than the Japanese Government expects. Last year the surplus was $4.8bn after a deficit in 1980.

Exports should recover in the remainder of this year, the OECD says, after what appears to have been a decline in volume in the first half. It may accelerate next year with small gains in market shares.

Import volumes are expected to drop slightly by the year's end and to show moderate growth in 1983.

Japan's trade surplus is expected to rise slightly from $20bn in 1981 to $22bn this year, before soaring to $37.75bn next year.

This assumes that world trade picks up as expected, that the yen remains at its current level and that no more import barriers are erected by Japan's partners. All of these, the OECD makes clear, are uncertain presumptions.

"A substantial increase in the surplus would be clearly undesirable as it would exacerbate protectionist measures abroad in a context of rising unemployment in most (OECD) member countries," it warns.

The report focuses on the "major problem" of the yen, which has failed to rise in line with the improvement in the economy. But barring a big and sustained fall in U.S. interest rates—the main factor behind capital outflows from Japan—it sees little scope for action on the exchange rate.

A more restrictive monetary stance and high interest-rate policy would have the major disadvantage of depressing domestic demand, especially small company investment and house-building, it says.

This would be at a time when economic activity is set to recover gradually between now the end of next year.

The OECD forecasts that Japan's economic growth rate, after declining from 3 per cent to 2 per cent this year, will rise to 4 per cent next year, reaching an annual rate of 4.75 per cent by the end of the year.

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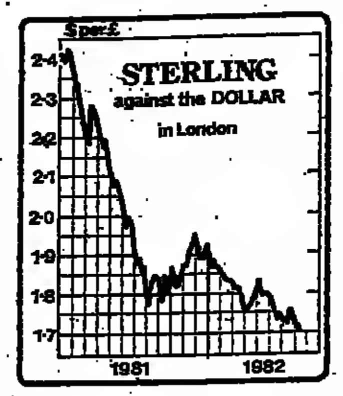
THE LEX COLUMN

Walking wounded on parade

Higher U.S. dollar interest rates and a falling equity market on Wall Street once again dominated proceedings in the London financial markets. Both equities and gilt-edged had a poor day yesterday, although—as usual in recent weeks—gilt-edged looked much the more resilient. The FT 30-Share Index, reflecting the particular weakness of some industrial sectors of the equity market, is at a six-month low.

Index fell 8.4 to 540.4



AEG-Telefunken

AEG-Telefunken has finally given up the increasingly desperate search for a magic solution to its problems. The industrial flirtations with GEC and United Technologies have come to almost nothing, and for the banks to inject more funds on a large scale, as they last did only two and a half years ago, would have been to fly in the face of their duties to depositors and shareholders.

The solution, which looks eminently sensible, is for AEG to file for partial bankruptcy under German law. Banks and trade creditors will be asked to write off 60 per cent of their exposure to AEG. There are three advantages to this procedure. Firstly, it should leave AEG with a more plausible balance sheet, giving it a chance to trade on a more or less normal basis.

Secondly, in practical if not in accounting terms, the write-offs should not come as a shock to the German banking system since AEG's loans were manifestly doubtful debt. That this is so was shown by the relatively small drop yesterday in the share price of Dresdner Bank, which has the largest single exposure to AEG. Finally, the total bad debt exposure of the banks—assuming that this reconstruction, unlike the last one, really has gone far enough—should now be quantifiable. It may mean no dividends from Dresdner for a while, but at least there may be an end to this problem.

The major creditors have presumably agreed to the deal, but it may take some time to pull everyone into line. The need to obtain the consent of hundreds of parties to an arrangement of this kind means almost inevitably that the necessary measures are adopted too late and everyone is the poorer as a result. In AEG's case, also, matters of national pride were at stake, which slowed up the process even more. But at least German law provides a way out for a lame duck which does not involve either liquidation or public ownership.

Carrington Viyella

Carrington Viyella's first-half figures confirm the gloomy UK demand story which has been heard from textile producers in the last few weeks. Against that background, however, it is fairly creditable to have improved the UK operating result by almost £2m. In these markets, for household textiles to have traded profitably is a genuine achievement, while a further 1,600 redundancies show that the new management is still taking shrinkage seriously. But this no longer seems to be the point.

Carrington's attributable loss is half as bad again—at £4.7m—as in the first half of 1981. Inevitably, last year's disposal of a half share in the profitable South African company shows up now as a heavy slug of minorities; that happens when a birth-right is sold. This has gone less predictably wrong in Consoltex, the 49.7 per cent Canadian associate, which lost C$4½m in its first half-year.

Carrington's balance sheet is not the sort of fortress to withstand such things indefinitely. The last published accounts showed revenue reserves of only £2.1m, even that supported by over £8m of non-distributable property revaluations. Ordinary shareholders' equity must now be somewhat less than the £45m par value of the shares. At the same time underlying debt cannot be much less than £60m.

The case for an AEG solution would be irresistible, if only it were possible. As it is, some form of reconstruction seems inevitable, in the medium term. The 8p share price is not saying that Carrington is about to go under—it is not—but it has an eye on the prospects for a recapitalisation. With £30m or £40m of new equity—and correspondingly lower fixed financing costs—Carrington would have a chance to show the benefits of a smaller and more efficient operating structure.

It is hard to resist the conclusion that ICI's 49 per cent stake has been hindering any progress towards a reconstruction. ICI has enough trouble of its own at the moment—yesterday it announced that plastics and petrochemicals worldwide lost £71m pre-interest in the first six months of this year. But it does have a custodial responsibility, which ought to go beyond complacent observations that its associate is pointing in the right direction.

Newman Industries

The capital reorganisation of Newman Industries is long overdue. The company has yet to produce 1981 accounts but its balance sheet was looking very stretched at the end of the previous year and can only have deteriorated since then. Losses have continued and the disposal of its UK ceramics business in February produced a hefty book loss.

So the Midland, Newman's principal banker, and Cycle and Carriage, its major Singapore-based shareholder, must have thought long and hard about whether the group was worth preserving. At present, its few successful businesses, particularly the Avdel companies, are being starved of cash by disasters elsewhere. The group's tangible equity is probably bobbing around £10m, while borrowings are in the region of £30m. There is clearly no way in which Newman can trade out of trouble.

Midland has presumably decided to persevere with Newman because institutions are prepared to inject more hard cash, a commodity which seemed in short supply during the last Stone-Platt crisis. Details of the reorganisation will not be ready until next month, but it will need to be on a large scale if Newman is to become viable. One institution conspicuous by its absence is Equity Capital for Industry, tailor-made for this kind of operation. ECI may have looked at the present market capitalisation of Newman—£3.2m at last night's price of 8p—and done some simple arithmetic.